INSPIREMD, INC.

FORM S-1/A
(Securities Registration Statement)

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

AMENDMENT NO. 1
TO
FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

InspireMD, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**3841**	**26-2123838**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

3 Menorat Hamaor St.
Tel Aviv, Israel 67448
972-3-691-7691
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Ofir Paz
Chief Executive Officer
InspireMD, Inc.
3 Menorat Hamaor St.
Tel Aviv, Israel 67448
972-3-691-7691
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
(Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may

determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED AUGUST 26, 2011

PRELIMINARY PROSPECTUS

InspireMD, Inc.

414,942 Shares of Common Stock Underlying Warrants

This prospectus relates to the resale of up to 414,942 shares of our common stock to be offered by the selling stockholders upon the exercise of outstanding common stock purchase warrants by the selling stockholders.

The selling stockholders may sell shares of common stock from time to time in the principal market on which our common stock is traded at the prevailing market price or in privately negotiated transactions. See "Plan of Distribution" which begins on page 60.

We will not receive any of the proceeds from the sale of common stock by the selling stockholders. However, we will generate proceeds in the event of a cash exercise of the warrants by the selling stockholders. We intend to use those proceeds, if any, for general corporate purposes. We will pay the expenses of registering these shares.

All expenses of registration incurred in connection with this offering are being borne by us, but all selling and other expenses incurred by the selling stockholders will be borne by the selling stockholders.

Our common stock is quoted on the regulated quotation service of the OTC Bulletin Board under the symbol "NSPR.OB". On August 25, 2011, the last reported sale price of our common stock as reported on the OTC Bulletin Board was $1.97 per share.

We may amend or supplement this prospectus from time to time by filing amendments or supplements as required. You should read the entire prospectus and any amendments or supplements carefully before you make your investment decision.

Investing in our common stock is highly speculative and involves a high degree of risk. You should carefully consider the risks and uncertainties in the section entitled "Risk Factors" beginning on page 4 of this prospectus before making a decision to purchase our stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2011

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You should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus. It may not contain all the information that may be important to you. You should read this entire prospectus carefully, including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our historical financial statements and related notes included elsewhere in this prospectus or any accompanying prospectus supplement before making an investment decision. In this prospectus, unless the context requires otherwise, all references to "we," "our" and "us" for periods prior to the closing of our share exchange transactions on March 31, 2011 refer to InspireMD Ltd., a private company incorporated under the laws of the State of Israel that is now our wholly-owned subsidiary, and its subsidiary, and references to "we," "our" and "us" for periods subsequent to the closing of the share exchange transactions refer to InspireMD, Inc., a publicly traded Delaware corporation, 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 mainly in patients with acute coronary syndromes, notably acute myocardial infarction (heart attack) and saphenous vein graft coronary interventions (bypass surgery). According to the TYPHOON STEMI trial (New England Journal of Medicine, 2006) and the SOS SVG Trial (Journal of the American College of Cardiology, 2009), of patients with acute myocardial infarction and saphenous vein graft coronary interventions, 7.5% to 44% 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. For the year ended December 31, 2010, our total revenue was approximately $4.9 million. For the six months ended June 30, 2011, our total revenue was $2.7 million.

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 European Union 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 replaced 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 deliverability and possibly even a reduction in major adverse cardiac events. In particular, according to Jabara, et. al. ("A Third Generation Ultra-thin Strut Cobalt Chromium Stent: Histopathological Evaluation in Porcine Coronary Arteries," *EuroIntervention* , November 2009), due to its greater density, cobalt-chromium enables the construction of stents that have both thinner struts and similar radial strength as stainless steel, with its thicker struts. In turn, Jabara, et. al. found that the reduced thickness of the struts provides more flexibility and lower crossing profiles, thereby reducing the inflammatory response and neointimal thickening, potentially lowering restenosis and target vessel revascularization rates.

MGuard Prime™ received CE Mark approval in the European Union in October 2010 for improving luminal diameter and providing embolic protection. We believe we can use and leverage the MGuard™ clinical trial results to market MGuard Prime™. However, we face a number of challenges to the further growth of MGuard™. For example, 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. 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. In addition, none of our products are currently approved by the U.S. Food and Drug Administration. Clinical trials necessary to support a pre-market approval application to the U.S. Food and Drug Administration 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. Furthermore, our rights to our intellectual property with respect to our products could be challenged. 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. Additionally, there is a strong preference to use drug-eluting stents in some countries. Over the last decade, there has been an increasing tendency to use drug-eluting stents in percutaneous coronary intervention (PCI), with a usage rate of drug-eluting stents in PCI approaching 70-80% in some countries, even though drug-eluting stents do not address thrombus management in acute myocardial infarction. Also, the use of other bare-metal stents is preferred over the use of MGuard™ products in certain circumstances, such as when placing the stent at the entrance to large side branches, known as jailing large side branches. MGuard™ refers to both our initial products and MGuard Prime™, as applicable.

Recent Events

On August 19, 2011, we filed a preliminary proxy statement with the Securities and Exchange Commission pursuant to which we intend to seek stockholder approval of a one-for-two to one-for-four reverse stock split , with the precise ratio to be determined by our board of directors. The primary purpose of the proposed reverse stock split is to achieve a stock price above $4.00 per share, which is the minimum stock price necessary to qualify for listing on the Nasdaq Capital Market, where we submitted an application to list our common stock. Our common stock, which is currently quoted on the OTC Bulletin Board under the symbol "NSPR", does not meet this requirement at its current trading price. Our board of directors has determined that a reverse stock split of our issued and outstanding shares of common stock would be a suitable action to achieve a stock price of $4.00 per share or more. We believe that being listed on the Nasdaq Capital Market would help support and maintain liquidity of our common stock, that such a listing carries prestige and would increase company recognition, and that it is more attractive to potential future investors than our current OTC Bulletin Board listing, and could therefore enhance our ability to raise capital.

On March 31, 2011, we completed a series of share exchange transactions pursuant to which we issued the shareholders of InspireMD Ltd. 50,666,663 shares of common stock in exchange for all of InspireMD Ltd.'s issued and outstanding ordinary shares, resulting in the former shareholders of InspireMD Ltd. holding a controlling interest in us and InspireMD Ltd. becoming our wholly-owned subsidiary.

Immediately following the share exchange transactions, we transferred all of our pre-share exchange operating assets and liabilities to our wholly-owned subsidiary, Saguaro Holdings, Inc., a Delaware corporation, and transferred all of Saguaro Holdings, Inc.'s outstanding capital stock to our then-majority stockholder in exchange for the cancellation of shares of our common stock held by such stockholder.

After the share exchange transactions and the divestiture of our pre-share exchange operating assets and liabilities, we succeeded to the business of InspireMD Ltd. as our sole line of business, and all of our then-current officers and directors resigned and were replaced by some of the officers and directors of InspireMD Ltd.

Contemporaneously with the foregoing transactions, we completed a private placement pursuant to which we sold 6,454,002 shares of common stock and five-year warrants to purchase up to 3,226,999 shares of common stock at an exercise price of $1.80 per share for aggregate cash proceeds of $9,013,404 and the cancellation of $667,596 of indebtedness held by investors. In addition, on April 18, 2011 and April 21, 2011, we completed private placements pursuant to which we sold an aggregate of 983,334 shares of common stock and five-year warrants to purchase up to 491,667 shares of common stock at an exercise price of $1.80 per share for aggregate cash proceeds of $1,475,000.

Before the share exchange transactions, our corporate name was Saguaro Resources, Inc., and our trading symbol was SAGU.OB. On March 28, 2011, we changed our corporate name to InspireMD, Inc. and on April 11, 2011 our trading symbol was changed to NSPR.OB.

The Offering

Common stock offered by the selling stockholders:	414,942 shares of our common stock to be offered by the selling stockholders upon the exercise of outstanding common stock purchase warrants.
Common stock outstanding prior to the offering:	64,278,947
Common stock outstanding after this offering:	64,693,889 (1)
Use of proceeds:	We will not receive any proceeds from the sale of the common stock offered by the selling stockholders. However, we will generate proceeds in the event of a cash exercise of the warrants by the selling stockholders. We intend to use those proceeds, if any, for general corporate purposes.
Offering Price:	All or part of the shares of common stock offered hereby may be sold from time to time in amounts and on terms to be determined by the selling stockholders at the time of sale.
OTC Bulletin Board symbol :	NSPR.OB
Risk factors:	You should carefully consider the information set forth in this prospectus and, in particular, the specific factors set forth in the "Risk Factors" section beginning on page 4 of this prospectus before deciding whether or not to invest in shares of our common stock.

(1) The number of shares of common stock outstanding after the offering is based upon 64,278,947 shares outstanding as of August 25, 2011 and assumes the exercise of all warrants with respect to those shares being registered for resale pursuant to the registration statement of which this prospectus forms a part.

The number of shares of common stock outstanding after this offering excludes:

- 7,723,583 shares of common stock issuable upon the exercise of currently outstanding warrants with exercise prices ranging from $1.23 to $1.80 per share and having a weighted average exercise price of $1.63 per share;
- 10,409,720 shares of common stock issuable upon the exercise of currently outstanding options with exercise prices ranging from $0.0 to $2.75 and having a weighted average exercise price of $0.83 per share; and
- 1,100,433 shares of common stock available for future issuance under our 2011 UMBRELLA Option Plan.

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before investing in our common stock, you should carefully consider the risks described below and the financial and other information included in this prospectus. If any of the following risks, or any other risks not described below, actually occur, it is likely that our business, financial condition, and/or operating results could be materially adversely affected. In such case, the trading price and market value of our common stock could decline and you may lose part or all of your investment in our common stock. The risks and uncertainties described below include forward-looking statements and our actual results may differ from those discussed in these forward-looking statements.

Risks Related to Our Business

We expect to derive our revenue from sales of our MGuard ™ stent products and other products we may develop. 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 the receipt of regulatory approvals and commercial and market uncertainties that may be 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.

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 (see "Risk Factors – Risks Related to Our Business – 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." below);

- inadequate reimbursement for our products by third party payors (see "Risk Factors – Risks Related to Our Business – 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." below);

- our inability to develop a sales force or distributors capable of effectively marketing our products (see "Risk Factors – Risks Related to Our Business – Our strategic business plan may not produce the intended growth in revenue and operating income." below);

- our inability to manufacture and supply a sufficient amount of products to meet market demands (see "Risk Factors – Risks Related to Our Business – 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." below);

- the number, relative effectiveness, and cost of competing products that may enter the market (see "Risk Factors – Risks Related to Our Business – We operate in an intensely competitive and rapidly changing business environment, and there is a substantial risk our products could become obsolete or uncompetitive." below); and

- a product recall or voluntary market withdrawal due to product defects or product enhancements and modifications (see "Risk Factors – Risks Related to Our Business – We may implement a product recall or voluntary market withdrawal due to product defects or product enhancements and modifications, which would significantly increase our costs." below).

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.

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 U.S. are maintained in confidence for up to 18 months after their filing. In some cases, however, patent applications remain confidential in the U.S. Patent and Trademark Office for the entire time prior to issuance as a U.S. patent. Patent applications filed in countries outside the U.S. 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 U.S. Patent and Trademark Office to determine priority of invention in the U.S. 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 U.S. The laws of some foreign jurisdictions do not protect intellectual property rights to the same degree as in the U.S., 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. Also, even if our patents are determined by a court to be valid and enforceable, they may not be sufficiently broad to prevent others from marketing products similar to ours or designing around our patents, despite our patent rights, nor provide us with freedom to operate unimpeded by the patent rights of others.

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 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 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 Innovative Medizinprodukte GmbH, 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 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. Also, 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.

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.

Finally, 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.

Clinical trials necessary to support a pre-market approval application will be lengthy and expensive and will require the enrollment of a large number of patients, and suitable patients may be difficult to identify and recruit. Any such delay or failure of clinical trials could prevent us from commercializing our stent products, which would materially and adversely affect our results of operations and the value of our business.

Clinical trials necessary to support a pre-market approval application to the U.S. Food and Drug Administration 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 a pre-market approval applications for the Cypher stent developed by Johnson & Johnson and the Taxus Express2 stent developed by Boston Scientific Corporation, which were approved by the U.S. Food and Drug Administration and are currently marketed, involved patient populations of approximately 1,000 and 1,300, respectively, and a 12-month follow up period. In some trials, a greater number of patients and a longer follow up period may be required. The U.S. Food and Drug Administration may require us to submit data on a greater number of patients or for a longer follow-up period than those for pre-market approval applications for the Cypher stent and the Taxus Express2 stent. 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.

In addition, 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 or 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.

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 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-term 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.

In addition, currently, physicians consider drug-eluting stents to be the industry standard for treatment of coronary artery disease. While we believe that the MGuard™ stent is a safe and effective alternative, it is not a drug-eluting stent, which may further hinder its support and adoption by physicians.

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 navigate complex regulatory requirements and obtain necessary regulatory approvals, if such approvals are received at all. 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.

Because our products are new and long-term success measures have not been completely validated, regulatory agencies, including the U.S. Food and Drug Administration, 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 U.S. Food and Drug Administration 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 3 employees. As a result, we may experience a long regulatory process in connection with obtaining regulatory approvals for our products.

In addition, the products we and any potential licensees license, develop, manufacture and market are subject to complex regulatory requirements, particularly in the U.S., Europe and Asia, which 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 continued 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.

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 in the U.S., 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 U.S. Food and Drug Administration and other regulatory bodies. In particular, we and our suppliers will be required to comply with the U.S. Food and Drug Administration's Quality System Regulation 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 U.S. The U.S. Food and Drug Administration enforces the Quality System Regulation through unannounced inspections. We and our third-party manufacturers and suppliers have not yet been inspected by the U.S. Food and Drug Administration 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 U.S. Food and Drug Administration 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 U.S. Food and Drug Administration 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 could harm our reputation and could 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 in the U.S., the approval may be subject to limitations on the indicated uses for which the product may be marketed. If the U.S. Food and Drug Administration 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 U.S. Food and Drug Administration 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 U.S. Food and Drug Administration. If the U.S. Food and Drug Administration 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 Quality System Regulation, 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.

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 other foreign jurisdictions, we must obtain separate regulatory approvals from those obtained in the U.S. and Europe. 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 U.S. Food and Drug Administration approval. Foreign regulatory approval processes may include all of the risks associated with obtaining CE Mark or U.S. Food and Drug Administration 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.

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 U.S. 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.

We may become subject to claims by much larger and better capitalized competitors seeking to invalidate our right to our intellectual property.

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 Corporation, Johnson & Johnson and Medtronic, Inc., 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 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.

Some of the components of our products are currently provided by only one vendor, or a single-source supplier. We depend on QualiMed Innovative Medizinprodukte GmbH, which manufactures the body of the stent, MeKo Laserstrahl-Materialbearbeitung for the laser cutting of the stent, Natec Medical Ltd. for the supply of catheters and Biogeneral Inc. for the fiber. We may have difficulty obtaining similar components from other suppliers that are acceptable to the U.S. Food and Drug Administration 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 interruption of the manufacture and delivery of our MGuard™ stent 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 U.S. Food and Drug Administration 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.

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.

We may implement a product recall or voluntary market withdrawal due to product defects or product enhancements and modifications, which would significantly increase our costs.

The manufacturing and marketing of our MGuard™ stent products involves an inherent risk that our products may prove to be defective. In that event, we may voluntarily implement a recall or market withdrawal or may be required to do so by a regulatory authority. A recall of one of our products, or a similar product manufactured by another manufacturer, could impair sales of the products we market as a result of confusion concerning the scope of the recall or as a result of the damage to our reputation for quality and safety.

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.

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 U.S. and in international markets. 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. 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 U.S., 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 in the U.S. were enacted into law in March 2010. Certain provisions of these 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 U.S., 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 U.S., 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.

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 of 1968. Section 15 to the Israeli Security Law of 1968 requires the filing of a prospectus with the Israel Security Authority 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 Israel Security Authority in connection with the foregoing. To date, the Israel Security Authority 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 detrimental 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 recently raised approximately $10,500,000 and 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

We are subject to financial reporting and other requirements for which our accounting, internal audit and other management systems and resources may not be adequately prepared.

On March 31, 2011, we became subject to reporting and other obligations under the Securities Exchange Act of 1934, as amended, including the requirements of Section 404 of the Sarbanes-Oxley Act. Section 404 will require us to conduct an annual management assessment of the effectiveness of our internal controls over financial reporting and to obtain a report by our independent auditors addressing these assessments. These reporting and other obligations will place significant demands on our management, administrative, operational, internal audit and accounting resources. We anticipate that we will need to upgrade our systems; implement additional financial and management controls, reporting systems and procedures; implement an internal audit function; and hire additional accounting, internal audit and finance staff. If we are unable to accomplish these objectives in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies could be impaired. Any failure to maintain effective internal controls could have a material adverse effect on our business, operating results and stock price. Moreover, 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.

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" with a shell company. Although the shell company did not have recent or past operations or assets and we performed a due diligence review of the shell company, there can be no assurance that we will not be exposed to undisclosed liabilities resulting from the prior operations of the shell company. Securities analysts of major brokerage firms and securities institutions may also not provide coverage of us because there were no broker-dealers who sold our stock in a public offering that would be incentivized to follow or recommend the purchase of our common stock. The absence of such research coverage could limit investor interest in our common stock, resulting in decreased liquidity. No assurance can be given that established brokerage firms will, in the future, want to cover our securities or conduct any secondary offerings or other financings on our behalf.

Our stock price may be volatile after this offering, which could result in substantial losses for investors.

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

- technological innovations or new products and services by us or our competitors;
- additions or departures of key personnel;
- sales of our common stock, particularly under any registration statement for the purposes of selling any other securities, including management shares;
- limited availability of freely-tradable "unrestricted" shares of our common stock to satisfy purchase orders and demand;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship;
- industry 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 significantly affect the market price of 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 that 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.

There is, at present, only a limited market for our common stock and we cannot ensure investors that an active market for our common stock will ever develop or be sustained.

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. Because our common stock is so thinly traded, a large block of shares traded can lead to a dramatic fluctuation in the share price and investors may not be able to liquidate their investment in us at all or at a price that reflects the value of the business. In addition, our common stock currently trades on the OTC Bulletin Board, which generally lacks the liquidity, research coverage and institutional investor following of a national securities exchange like the NYSE Amex, the New York Stock Exchange or the Nasdaq Stock Market. While we intend to list our common stock on a national securities exchange once we satisfy the initial listing standards for such an exchange, we currently do not, and may not ever, satisfy such initial listing standards.

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.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

Sales of a significant number of shares of our common stock in the public market could harm the market price of our common stock and make it more difficult for us to raise funds through future offerings of common stock. Upon the effectiveness of the registration statement of which this prospectus forms a part, 414,942 shares of our common stock will become freely tradable. In addition, an additional approximately 58,278,977 shares of our common stock will become saleable under Rule 144 following April 6, 2012. As these shares and as additional shares of our common stock become available for resale in the public market, the supply of our common stock will increase, which could decrease the price of our common stock.

In addition, if our stockholders sell substantial amounts of our common stock in the public market, upon the expiration of any statutory holding period under Rule 144, upon the expiration of lock-up periods applicable to outstanding shares, or upon the exercise of outstanding options or warrants, it could create a circumstance commonly referred to as an "overhang" and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, could also make it more difficult for us to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

We do not expect to pay dividends in the future. As a result, any return on investment may be limited to the value of our common stock.

We do not anticipate paying cash dividends on our common stock in the foreseeable future. The payment of dividends on our common stock will depend on our earnings, financial condition and other business and economic factors as our board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on an investment in our common stock will only occur if our stock price appreciates.

Risks Related to Our Intended Reverse Stock Split

There can be no assurance that we will be able to meet all of the requirements for listing our common stock on the Nasdaq Capital Market or to meet the continued listing standards of the Nasdaq Capital Market after a reverse stock split.

The Nasdaq Capital Market has numerous initial listing requirements applicable to the listing of our common stock and its continued listing thereafter. While we believe we currently meet these standards, other than the minimum bid price requirement of more than $4.00 per share, we cannot assure you that our common stock will be accepted for listing on the Nasdaq Capital Market following the reverse stock split or that we will maintain compliance with all of the requirements for our common stock to remain listed. Moreover, there can be no assurance that the market price of our common stock after the reverse stock split will adjust to reflect the decrease in common stock outstanding or that the market price following a reverse stock split will either exceed or remain in excess of the current market price.

If the reverse stock split is implemented, the resulting per-share price may not attract institutional investors, investment funds or brokers and may not satisfy the investing guidelines of these investors or brokers, and consequently, the trading liquidity of common stock may not improve.

While we believe that a higher share price may help generate investor and broker interest in our common stock, the reverse stock split may not result in a share price that will attract institutional investors or investment funds or satisfy the investing guidelines of institutional investors, investment funds or brokers. A decline in the market price of our common stock after the reverse stock split may result in a greater percentage decline than would occur in the absence of the reverse stock split. If the reverse stock split is implemented and the market price of our common stock declines, the percentage decline may be greater than would occur in the absence of the reverse stock split. The market price of our common stock is also based on our performance and other factors, which are unrelated to the number of shares of common stock outstanding.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements," which include information relating to future events, future financial performance, strategies, expectations, competitive environment and regulation. Words such as "may," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," and similar expressions, as well as statements in future tense, identify forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and will probably not be accurate indications of when such performance or results will be achieved. Forward-looking statements are based on information we have when those statements are made or our management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- adverse economic conditions and/or intense competition;
- loss of a key customer or supplier;
- entry of new competitors and products;
- adverse federal, state and local government regulation, in the U.S., Europe or Israel;
- failure to adequately protect our intellectual property;
- inadequate capital;
- technological obsolescence of our products;
- technical problems with our research and products;
- price increases for supplies and components;
- inability to carry out research, development and commercialization plans;
- loss or retirement of key executives and research scientists and other specific risks; and
- the uncertainty regarding the adequacy of our liquidity to pursue our complete business objectives.

You should review carefully the section entitled "Risk Factors" beginning on page 4 of this prospectus for a discussion of these and other risks that relate to our business and investing in shares of our common stock.

USE OF PROCEEDS

All shares of our common stock offered by this prospectus are being registered for the accounts of the selling stockholders and we will not receive any proceeds from the sale of these shares.

The shares of common stock offered by this prospectus are issuable upon the exercise of common stock purchase warrants. As such, if a selling stockholder exercises all or any portion of its warrants on a cash basis, we will receive the aggregate exercise price paid by such selling stockholder in connection with any such warrant exercise. The maximum amount of proceeds we would receive upon the exercise of all the warrants on a cash basis would be approximately $747,000.00. However, the selling stockholders may also exercise their warrants through a cashless exercise. In the event a selling stockholder exercises a warrant through a cashless exercise, we will not receive any proceeds from such exercise. We expect to use the proceeds received from the exercise of the warrants, if any, for general working capital purposes.

MARKET FOR OUR COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Our common stock has been quoted on the OTC Bulletin Board since April 11, 2011 under the symbol NSPR.OB. Prior to that date, there was no active market for our common stock. The following table sets forth the high and low bid prices for our common stock for the periods indicated, as reported by the OTC Bulletin Board. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

Fiscal Year 2011	High	Low
Second Quarter	$2.89	$1.75
Third Quarter (through August 25, 2011)	$2.74	$1.80

The last reported sales price of our common stock on the OTC Bulletin Board on August 25, 2011, was $1.97 per share. As of August 25, 2011, there were approximately 195 holders of record of our common stock.

DIVIDEND POLICY

In the past, we have not declared or paid cash dividends on our common stock, and we do not intend to pay any cash dividends on our common stock. Rather, we intend to retain future earnings, if any, to fund the operation and expansion of our business and for general corporate purposes.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Overview

We are a 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. Our initial products are marketed for use mainly in patients with acute coronary syndromes, notably acute myocardial infarction (heart attack) and saphenous vein graft coronary interventions (bypass surgery).

On March 31, 2011, we completed a series of share exchange transactions pursuant to which we acquired all of the capital stock of InspireMD Ltd., a company formed under the laws of the State of Israel, in exchange for an aggregate of 50,666,663 shares of our common stock. As a result of these share exchange transactions, InspireMD Ltd. became our wholly-owned subsidiary, we discontinued our former business and succeeded to the business of InspireMD Ltd. as our sole line of business.

The share exchange transactions are being accounted for as a recapitalization. InspireMD Ltd. is the acquirer for accounting purposes and we are the acquired company. Accordingly, the historical financial statements presented and the discussion of financial condition and results of operations herein are those of InspireMD Ltd., retroactively restated for, and giving effect to, the number of shares received in the share exchange transactions, and do not include the historical financial results of our former business. The accumulated earnings of InspireMD Ltd. were also carried forward after the share exchange transactions and earnings per share have been retroactively restated to give effect to the recapitalization for all periods presented. Operations reported for periods prior to the share exchange transactions are those of InspireMD Ltd.

Recent Events

On August 19, 2011, we filed a preliminary proxy statement with the Securities and Exchange Commission pursuant to which we intend to seek stockholder approval of a one-for-two to one-for-four reverse stock split, with the precise ratio to be determined by our board of directors. The primary purpose of the proposed reverse stock split is to achieve a stock price above $4.00 per share, which is the minimum stock price necessary to qualify for listing on the Nasdaq Capital Market, where we submitted an application to list our common stock.

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 convertible debt.

Functional currency

The currency of the primary economic environment in which our operations are conducted is the U.S. 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 countries. 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. Our inventories generally have a limited shelf life and are subject to impairment as they approach their expiration dates. We regularly evaluate the carrying value of our inventories and when, in our opinion, factors indicate that impairment has occurred, we establish a reserve against the inventories' carrying value. Our determination that a valuation reserve might be required, in addition to the quantification of such reserve, requires us to utilize significant judgment. Although we make every effort to ensure the accuracy of forecasts of future product demand, any significant unanticipated decreases in demand could have a material impact on the carrying value of our inventories and reported operating results. To date, inventory adjustments have not been material. 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.

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 Value Added Tax positions

We follow a two-step approach to recognizing and measuring uncertain tax and value added tax positions. The first step is to evaluate the tax and value added 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 and value added tax 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

Six Months Ended June 30, 2011 Compared to Six Months Ended June 30, 2010

Revenues . For the six months ended June 30, 2011, total revenue decreased approximately $0.3 million, or 9.3%, to approximately $2.7 million from approximately $3.0 million during the same period in 2010. The following is an explanation of the approximately $0.3 million decrease in revenue broken down by its main two components, a net decrease in deferred revenue of approximately $1.4 million and an increase in gross revenue of approximately $1.15 million.

For the six months ended June 30, 2011, net deferred revenue decreased by approximately $1.4 million, or 79.8%, to approximately $0.4 million from approximately $1.8 million during the same period in 2010. For the six months ended June 30, 2011, our net deferred revenue consisted of approximately $0.2 million attributable to our distributor in Israel, approximately $0.1 million to our distributor in Brazil, approximately $0.05 million to our distributor in Italy, and approximately $0.1 million to our distributor in Poland, offset by approximately $0.1 million deferred for a shipment to our distributor in India. For the first half of 2010, net deferred revenue of approximately $1.8 million was comprised mainly of shipments from 2008 and 2009 to our distributor in Poland of approximately $1.1 million, our distributor in Brazil of approximately $0.4 million, to our distributor in Sri Lanka of approximately $0.1 million and approximately $0.2 million to miscellaneous distributors.

For the six months ended June 30, 2011, total gross revenue increased by approximately $1.15 million, or 93.0%, to approximately $2.4 million from approximately $1.2 million during the same period in 2010. This increase in gross revenue is mainly attributable to the first time shipment of approximately $1.2 million to our distributor in India during the first half of 2011, an increase of approximately $0.1 million of gross revenue to our distributor in Spain, an increase of approximately $0.1 million of gross revenue to our new distributor in the Netherlands, an increase of approximately $0.1 million of gross revenue to our distributor in Argentina, an increase of approximately $0.1 million of gross revenue to our distributor in Colombia and approximately $0.1 million of gross revenue to our distributor in Israel. This increase was partially offset by a decrease of approximately $0.4 million in gross revenue to our distributor in Poland, a decrease of approximately $0.2 million in gross revenue to our distributor in Pakistan, a decrease of approximately $0.1 million in gross revenue to our distributor in Kazakhstan, and a decrease of approximately $0.1 million in gross revenue to our distributor in Italy. We also shipped and recognized gross revenue for approximately $0.2 million more from our remaining distributors during the six months ended June 30, 2011, as compared to the same period in 2010.

Gross Profit . For the six months ended June 30, 2011, gross profit (revenue less cost of revenues) decreased approximately 0.2%, or approximately $2,000, to approximately $1.187 million from approximately $1.189 million during the same period in 2010. Gross margin increased from 39.6% in the six months ended June 30, 2010 to 43.5% in the six months ended June 30, 2011. We were able to improve our gross margin in spite of our decrease in revenue because of reduced production cost per stent driven by economies of scale. For the six months ended June 30, 2011, our average selling price per stent recognized in revenue was $555, and we recognized the sale of 4,915 stents, compared to an average price of $672 per stent and 4,473 stents recognized in revenue for the same period in 2010. Our production cost per stent decreased from an average of $406 per stent recognized in revenue for the six months ended June 30, 2010 to an average of $313 per stent for the same period in 2011. The higher price per stent for the six months ended June 30, 2010 was affected by the price of stents sold in 2008 and 2009 to one of our Europeans distributors in Euros when the Euro was much stronger than the U.S. dollar, at an average price of $997 when translated to U.S. dollars.

Research and Development Expense . For the six months ended June 30, 2011, research and development expense increased 41.4% to approximately $1.1 million from approximately $0.8 million during the same period in 2010. The increase in cost resulted primarily from higher clinical trial expenses of approximately $0.5 million, attributable mainly to the U.S. Food and Drug Administration clinical trial (approximately $0.4 million) and the MGuard for Acute ST Elevation Reperfusion Trial (MASTER Trial) (approximately $0.1 million), offset by approximately $0.1 million of development cost for MGuard Prime™ in the first six months of 2010 and approximately $0.1 million of lower share based compensation expense in the six months ended June 30, 2011. The MASTER Trial is a multinational, randomized controlled trial of the MGuard™ mesh protective coronary stent that includes 432 patients in a two-arm, parallel design, with the intention of testing the MGuard™ stent against commercially approved bare-metal stents or drug-eluting stents with respect to myocardial reperfusion in primary angioplasty for the treatment of acute ST-elevation myocardial infarction. Research and development expense as a percentage of revenue increased to 40.1% for the six months ended June 30, 2011 from 25.7% in the same period of 2010.

Selling and Marketing Expense . For the six months ended June 30, 2011, selling and marketing expense increased 64.1% to approximately $1.0 million, from approximately $0.6 million during the same period in 2010. The increase in cost resulted primarily from approximately $0.2 million of additional share base compensation, approximately $0.1 million of commissions pertaining to our first time shipment of approximately $1.2 million to our distributor in India, and approximately $0.1 million of additional salaries and related expenses of newly hired sales personnel as we expand our sales activities worldwide. Selling and marketing expense as a percentage of revenue increased to 38.3% in 2011 from 21.2% in 2010.

General and Administrative Expense . For the six months ended June 30, 2011, general and administrative expense increased 115.0% to approximately $2.4 million from $1.1 million during the same period in 2010. The increase in cost resulted primarily from an increase in legal and litigation expense of approximately $0.6 million (primarily due to a provision for the Company's potential loss regarding a threatened lawsuit from a finder claiming a future success fee and commissions for assistance in finding the Company's distributor in Brazil), an increase in investor related activities of approximately $0.3 million (due to the Company having been public during the six months ended June 30, 2011, but not during the same period in 2010), an increase in travel expense of approximately $0.2 million (incurred in connection with the share exchange transactions), an increase of approximately $0.2 million in salary expenses (due to an increase in infrastructure to accommodate and comply with Securities and Exchange Commission standards and reporting), and an increase of approximately $0.1 million in accounting fees (also related to compliance with Securities and Exchange Commission standards), offset by a non-recurring bad debt provision in the amount of approximately $0.1 million made during the first half of 2010 mainly related to shipments to our Bulgarian distributor. General and administrative expense as a percentage of revenue increased to 87.7% in 2011 from 37.0% in 2010.

Financial Expenses . For the six months ended June 30, 2011, financial expense increased to approximately $0.8 million from $29,000 during the same period in 2010. The increase in expense resulted primarily from a one-time financial expense recording of approximately $0.6 million in the first quarter of 2011 pertaining to the revaluation of an outstanding convertible loan at fair value prior to redemption and approximately $0.2 million for the favorable impact of exchange rate differences for the six months ended June 30, 2010 that did not occur during the six months ended June 30, 2011. Financial expense as a percentage of revenue decreased to 28.9% in 2011, from 1.0% in 2010.

Tax Expenses . Tax expense remained relatively flat at $20,000 for the six months ended June 30, 2011, as compared to $30,000 during the same period in 2010. Our expenses for income taxes reflect primarily the tax liability due to potential tax exposure.

Net Loss . Our net loss increased by approximately $2.8 million, or 198.1%, to $4.2 million for the six months ended June 30, 2011 from $1.4 million during the same period in 2010. The increase in net loss resulted primarily from an increase in operating expenses of approximately $2.0 million (see above for explanations) and an increase of approximately $0.8 million in financial expenses (see above for explanation).

Backlog . Our order backlog as of June 30, 2011 was approximately $0.9 million.

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.

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 income of $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

Six Months Ended June 30, 2011 Compared to Six Months Ended June 30, 2010

General . At June 30, 2011, we had cash and cash equivalents of approximately $8.1 million, as compared to $0.6 million at December 31, 2010. The increase is attributable primarily to the private placement conducted in conjunction with the reverse merger on March 31, 2011. 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 $1.8 million for the six months ended June 30, 2011, and approximately $1.2 million for the same period in 2010. The principal reasons for the decrease include a net loss of approximately $4.1 million offset by approximately $1.0 million in non-cash share based compensation, approximately $0.6 million in non-cash financial expenses related to the revaluation of the convertible loan and approximately $0.6 million increase in working capital.

We used cash in investing activities of approximately $0.1 million during the six months ended June 30, 2011, compared to approximately $24,000 of cash provided by investing activities during the same period in 2010. The principal reason for the decrease in cash flow from investing activities was an increase in restricted cash of approximately $93,000 ($50,000 due to a requirement pertaining to an outstanding loan, which was cancelled subsequent to June 30, 2011, and $43,000 as a guarantee for our credit limit on our corporate credit card).

Cash flow generated from financing activities was approximately $9.4 million for the six months ended June 30, 2011, and $1.2 million for the same period in 2010. The principal reason for the increase in cash flow from financing activities during 2011 was the private placement conducted in conjunction with the reverse merger on March 31, 2011 and other private equity issuances prior to and after the reverse merger in the aggregate amount of approximately $10.6 million, offset by the repayment of the non-converted portion of a convertible loan in the amount of approximately $1.0 million and the partial repayment of our long-term loan in the amount of approximately $0.2 million.

As of June 30, 2011, our current assets exceeded current liabilities by 2.8 times. Current assets increased approximately $6.9 million during 2011, mainly due to cash from the private placements in 2011, while current liabilities decreased by $25,000 during the same period. As a result, our working capital surplus increased by approximately $7.0 million to approximately $6.9 million during the first quarter of 2011.

Credit Facilities . As of June 30, 2011, we had a long term loan in the amount of approximately $0.3 million bearing interest at the three month US$ LIBOR rate plus 4% per annum. The loan is payable in eight quarterly installments during a period of three years that begin in April 2010 and ends in 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 in an "IPO" is higher than $100 million.

Convertible Loans . Prior to June 30, 2011, we had a convertible loan with an aggregate principal amount outstanding of approximately $1.58 million that bore 8% interest. Following the reverse merger on March 31, 2011, $580,000 plus accrued interest converted into shares of the Company. The remaining principle in the amount of $1.0 million was repaid on May 15, 2011.

Sales of Stock . For the six months ended June 30, 2011, we issued an aggregate of 8,321,360 ordinary shares and warrants to purchase 3,718,667 shares of common stock for gross proceeds of approximately $12.2 million.

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

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 a $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 were 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.

Off Balance Sheet Arrangements

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 Pronouncements

In October 2009, the Financial Accounting Standards Board 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 its consolidated financial statements.

In January 2010, the Financial Accounting Standards Board 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 requires 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 update 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 did not have a material impact on our consolidated financial statements.

In May 2011, the Financial Accounting Standards Board issued amended guidance and disclosure requirements for fair value measurements. These changes will be effective January 1, 2012 on a prospective basis. Early application is not permitted. These amendments are not expected to have a material impact to the consolidated financial results.

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, or NIS, both against the U.S. dollar. Lastly, other economic conditions we cannot foresee may affect customer demand, such as individual country reimbursement policies pertaining to our products.

BUSINESS

History

We were organized in the State of Delaware on February 29, 2008 as Saguaro Resources, Inc. to engage in the acquisition, exploration and development of natural resource properties. On March 28, 2011, we changed our name from "Saguaro Resources, Inc." to "InspireMD, Inc."

On March 31, 2011, we completed a series of share exchange transactions pursuant to which we issued the shareholders of InspireMD Ltd. 50,666,663 shares of common stock in exchange for all of InspireMD Ltd's issued and outstanding ordinary shares, resulting in the former shareholders of InspireMD Ltd. holding a controlling interest in us and InspireMD Ltd. becoming our wholly-owned subsidiary.

Immediately following the share exchange transactions, we transferred all of our pre-share exchange operating assets and liabilities to our wholly-owned subsidiary, Saguaro Holdings, Inc., a Delaware corporation, and transferred all of Saguaro Holdings, Inc.'s outstanding capital stock to our then-majority stockholder in exchange for the cancellation of shares of our common stock held by such stockholder.

After the share exchange transactions and the divestiture of our pre-share exchange operating assets and liabilities, we succeeded to the business of InspireMD Ltd. as our sole line of business, and all of our then-current officers and directors resigned and were replaced by some of the officers and directors of 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 mainly in patients with acute coronary syndromes, notably acute myocardial infarction (heart attack) and saphenous vein graft coronary interventions (bypass surgery). According to the TYPHOON STEMI trial (New England Journal of Medicine, 2006) and the SOS SVG Trial (Journal of the American College of Cardiology, 2009), of patients with acute myocardial infarction and saphenous vein graft coronary interventions, 7.5% to 44% 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.

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 European Union 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 replaced 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 Prime™ received CE Mark approval in the European Union in October 2010 for improving luminal diameter and providing embolic protection. MGuard™ refers to both our initial products and MGuard Prime™, as applicable.

Our Industry

According to Fact Sheet No. 310/February 2007 of the World Health Organization, 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 coronary artery bypass graft 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.

According to the January 3, 2011 2011 MEDTECH OUTLOOK produced by the Bank of Montreal Investment Banking Group, known as BMO Capital Markets, 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. According to the January 3, 2011 2011 MEDTECH OUTLOOK produced by the BMO (Bank of Montreal) Investment Banking Group, the percutaneous coronary intervention procedures involving stents are increasingly being used to treat coronary artery diseases with an 88.3% 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 is designed to provide several clinical benefits:

- the mesh diffuses the pressure and the impact of deployment exerted by the stent on the arterial wall and reduces the injury to the vessel;
- it reduces plaque dislodgement and blocks debris from entering the bloodstream during and post procedure (called embolic showers);
- in future products, when drug coated, the mesh is expected to deliver better coverage and uniform drug distribution on the arterial wall and therefore potentially reduce the dosage of the active ingredient when compared to approved drug-eluting stents on the market; and
- it maintains the standards of a conventional stent and therefore should require little to no additional training by physicians.

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.

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 provide protection from embolic showers. Results of clinical trials on the MGuard ™ Coronary stent, including the MAGICAL, PISCIONE and MGuard international registry (iMOS) clinical trials described below (see "Business – Product Development and Critical Milestones - Comparison of Clinical Trial Results to Date with Results Achieved Using Bare Metal or Drug-Eluting Stents in the STEMI population" below), indicate positive outcomes and safety measures, as explained below (see "Business – Product Development and Critical Milestones - Comparison of Clinical Trial Results to Date with Results Achieved Using Bare Metal or Drug-Eluting Stents in the STEMI population" below). The results of these clinical trials for the MGuard ™ Coronary stent suggest higher levels of myocardial blush grade (MBG) 3 and lower rates of 30 day and 1 year major adverse cardiac event rates, (2.4% and 5.9%, respectively), as compared to other bare-metal and drug-eluting stents.

MGuard ™ Coronary with a drug eluting bio-absorbable mesh. Based upon the clinical profile of MGuard ™ Coronary, we anticipate that the MGuard ™ Coronary with a drug-eluting bio-absorbable mesh will offer both the comparable MBG 3 levels and 30-day and 1-year major adverse cardiac event rates as the MGuard ™ Coronary with a bio-stable mesh, as described above, and a comparative restenosis rate when compared to existing drug-eluting stents. The bio-absorbability of MGuard ™ Coronary with a drug eluting bio-absorbable mesh is intended to improve upon the bio-absorbability of other drug-eluting stents, in light of the large surface area of the mesh and the small diameter of the fiber. We intend for the protective sleeve on the MGuard ™ Coronary with a drug-eluting bio-absorbable mesh to improve uniform distribution of the applied drug to the vessel wall for improved drug therapy management compared to other drug-eluting stents, where the drug is distributed on the struts only. If this intended result is achieved with respect to the improved and uniform distribution of the applied drug to the vessel wall, the total dosage of the medication potentially could be reduced while increasing its efficacy. MGuard ™ Coronary with a drug-eluting bio-absorbable 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 bio-absorbable 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. Because the drug-eluting bio-absorbable mesh will be bio-absorbable, we anticipate that the mesh will completely dissolve after four months, which we expect will result in fewer of the chronic long term side effects that are associated with the presence of the drug.

MGuard ™ – Carotid Applications

We intend to market our mesh sleeve coupled with a self-expandable stent (a stent that expands without balloon dilation pressure or need of an inflation balloon) for use in carotid-applications. According to Zahn, et. al. ("Predictors of in-hospital mortality in 1333 patients with acute myocardial infarction complicated by cardiogenic shock treated with primary percutaneous coronary intervention (PCI)," *European Heart Journal* , Volume 25, 2004), embolic protection is crucial 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. We intend that the embolic protection will result from the mesh sleeve, as it traps emboli at their source. 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. Schofer, et. al. (" Late cerebral embolization after emboli-protected carotid artery stenting assessed by sequential diffusion-weighted magnetic resonance imaging," *Journal of American College of Cardiology Cardiovascular Interventions* , Volume 1, 2008) have also shown that the majority 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 balloon dilation pressure or need of an inflation balloon) for use in peripheral applications. Peripheral Artery Disease, also known as peripheral vascular disease, is usually characterized by the accumulation of plaque in arteries in the legs, need for amputation of affected joints or even death, when untreated. Peripheral Artery Disease 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 Peripheral Artery Disease 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 for all of our products in the future, we have only outlined a timetable to seek U.S. Food and Drug Administration approval for our MGuard ™ Coronary plus with bio-stable mesh product in our current business plan.

Product	Indication	Start Development	CE Mark	European Union Sales	FDA Approval	U.S. Sales
MGuard™ Coronary Plus Bio-Stable Mesh	Bypass/ Coronary	2005	Oct. 2007	Q1-2008	Q4-2014	Q4-2014
MGuard™ Peripheral Plus Bio-Stable Mesh	Peripheral Arteries	Q1-2011	Q4-2011	Q1-2012	Not applicable	Not applicable
MGuard™ Carotid Plus Bio-Stable Mesh	Carotid Arteries	Q1-2011	Q4-2011	Q1-2012	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 was comparable with control bare-metal stents. Analysis also indicated that the mesh produced levels of inflammation comparable with 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 (European Union + Rest of World)	Q4-2006	Q3-2007
	Drug-Eluting Mesh (Bare-Metal Stent Plus Drug-Eluting Mesh)	CE Mark (European Union + Rest of World)	Q3-2013	Q4-2014
		FDA (U.S.)	Not applicable	Not applicable
	Cobalt-Chromium Stent Plus Bio-Stable Mesh	FDA	Q2-2011	Q4-2011
MGuard ™ Peripheral/Carotid	Self Expending System Plus Mesh	CE Mark (European Union + Rest of World)	Q3-2011	Q4-2011
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 – one site	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 - worldwide - 50 sites	12 months		1,000	Q1-2008	Q4-2013	Q4-2013
		Israeli MGuard ™ Observational Study - Israel - 8 sites	6 months		100	Q2-2008	Q3-2011	Q3-2012
		Master randomized control trial - 7 countries, 50 centers in South America, Europe and Israel	12 months		430	Q2-2011	Q1-2012	Q2-2013
		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 approval	654	Q1-2012	Q3-2013	Q4-2014
	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	To be determined	To be determined	To be determined
		U.S. – 50 sites	12 months		2,000	To be determined	To be determined	To be determined
		Rest of World as a registry study	8-12 months	Evaluation of safety and efficacy for specific indications	400	To be determined	To be determined	To be determined

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 CE Mark approval	50	Q1-2012	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	Rest of World as a registry study	6 months	Evaluation of safety and efficacy for specific indications post-marketing	200	Q2-2012	Q3-2013	Q3-2014

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 major myocardial infarction (QWMI) 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 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 0%.

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 June 1, 2011, 416 patients of the prospective 1,000 have been enrolled in 28 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 June 1, 2011, 70 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 June 1, 2011, 4 patients of the prospective 500 have been enrolled.

Comparison of Clinical Trial Results to Date with Results Achieved Using Bare Metal or Drug-Eluting Stents in the STEMI population

We conducted a meta-analysis of data from four clinical trials in which MGuard ™ was used:

- The MAGICAL study, a single arm study in which 60 acute ST-segment elevation myocardial infarction (the most severe form of a heart attack, referred to as STEMI) patients with less than 12 hours symptom onset were enrolled, as reported in "Mesh Covered Stent in ST-segment Elevation Myocardial Infarction" in *EuroIntervention* , 2010;
- the PISCIONE study, a single arm study in which 100 STEMI patients were enrolled, as reported in "Multicentre Experience with MGuard Net Protective Stent in ST-elevation Myocardial Infarction: Safety, Feasibility, and Impact on Myocardial Reperfusion" in *Catheter Cardiovasc Interv* , 2009;
- the iMOS study, a Registry on MGuard use in the "real-world" population, from a study whose data was not published; and
- the Jain study, which looks at a small group of 51 STEMI patients, as reported in "Prevention of Thrombus Embolization during Primary Percutaneous Intervention Using a Novel Mesh Covered Stent" in *Catheter Cardiovasc Interv* , 2009.

Our meta-analysis included data from the following trials:

- The CADILLAC (Controlled Abciximab and Device Investigation to Lower Late Angioplasty Complications) study, which found that primary stent implantation is a preferred strategy for the treatment of acute myocardial infarction, as reported in "A Prospective, Multicenter, International Randomized Trial Comparing Four Reperfusion Strategies in Acute Myocardial Infarction: Principal Report of the Controlled Abciximab and Device Investigation to Lower Late Angioplasty Complications (CADILLAC)" Trial in *Journal of American College of Cardiology* , 2001;
- The EXPORT trial which was a randomized open-label study whose primary endpoint was to evaluate flow improvement in AMI patients using either conventional stenting or aspiration followed by stenting, as reported in "Systematic Primary Aspiration in Acute Myocardial Percutaneous Intervention: A Multicentre Randomised Controlled Trial of the Export Aspiration Catheter" in *EuroIntervention* , 2008;
- The EXPIRA trial which was a single-center study aimed to explore pre-treatment with manual thrombectomy as compared to conventional stenting, as reported in "Thrombus Aspiration During Primary Percutaneous Coronary Intervention Improves Myocardial Reperfusion and Reduces Infarct Size: The EXPIRA (Thrombectomy with Export Catheter in Infarct-related Artery During Primary Percutaneous Coronary Intervention) Prospective, Randomized Trial" in *Journal of American College of Cardiology* , 2009;
- The REMEDIA trial, whose objective was to assess the safety and efficacy of the EXPORT catheter for thrombus aspiration in STEMI patients, as reported in "Manual Thrombus-Aspiration Improves Myocardial Reperfusion: The Randomized Evaluation of the Effect of Mechanical Reduction of Distal Embolization by Thrombus-Aspiration in Primary and Rescue Angioplasty (REMEDIA) Trial" in *Journal of American College of Cardiology* , 2005 *;*
- The Horizons-AMI (Harmonizing Outcomes with RevascularIZatiON and Stents in Acute MI), which is the largest randomized trial which compared DES to BMS in MI patients, as reported in "Paclitaxel-Eluting Stents Versus Bare-Metal Stents in Acute Myocardial Infarction" in *New England Journal of Medicine* , 2009; and
- The TAPAS Trial which showed that thrombus aspiration before stenting benefits MI patients, as reported in "Thrombus Aspiration During Primary Percutaneous Coronary Intervention" in *New England Journal of Medicine* , 2009.

The meta analysis of MGuard ™ outcomes in STEMI population show comparable rates of thrombolysis in myocardial infarction (TIMI) 3 flow with no significant difference of the historical control as compared to MGuard ™ (88.5% and 91.7%, respectively), while the rates of myocardial blush grade score 3 (37.3% for the historical control and 81.6% for MGuard ™) and ST segment resolution>70% (53.6% for the historical control and 79.1% for MGuard ™) are statistically significantly better with the MGuard ™ . MGuard ™ also appears consistently superior at the 30 days major adverse cardiac event (8.4% for the historical control and 2.4% for MGuard ™) and 1 year major adverse cardiac event (13.3% for the historical control and 5.9% for MGuard ™) endpoints. The data appears in the following tables.

	NAME OF STUDY				
	MAGICAL	PISCIONE	iMOS	Jain	Average
Number of Patients	60	100	203	51	414 (Total)
Thrombolysis in myocardial infarction 0-1,%	0	0	1.2	0	0.6
Thrombolysis in myocardial infarction 3,%	90	85	93.5	100	91.7
Myocardial blush grade 0-1,%	3.3	0	--	--	1.2
Myocardial blush grade 3,%	73	90	80	--	81.6
ST segment resolution>70%,%	61	90	--	--	79.1
ST segment resolution>50%,%	88	--	85.4	96	87.6
30 day major adverse cardiac event,%	0	2.2	3.2	--	2.4
6 month major adverse cardiac events,%	0	4.5	6.0	--	4.6
1 year major adverse cardiac events,%	--	5.6	6.0	6.0	5.9
1 year target vessel revascularization		2.3	2.3	6.0	2.8
Acute Binary Resteonosis 6M,%	--	--	19.0*	--	19.0

Trial	CADILLAC	Horizons-AMI	Horizons-AMI	TAPAS	TAPAS	EXPORT	EXPORT	EXPIRA	EXPIRA	REMEDIA	REMEDIA	Historical comparison	MGuard	Level of Significance
Group	Stent + Abciximab	BMS	DES	Thrombus aspiration	control	control	TA	control	Thrombus aspiration	Thrombus aspiration	control	Average	Average	
Number of Patients	524	749	2257	535	536	129	120	87	88	50	49	5124 (total)	414 (total)	
Thrombolysis in myocardial infarction 0-1,%	--	--	--	--	--	3.9	2.4	1.1	0	--	--	2.1	0.6	
Thrombolysis in myocardial infarction 3,%	96.9	87.6	89.8	86	82.5	76.9	82	--	--	--	--	88.5	91.7	
Myocardial blush grade 0-1,%	48.7	--	--	17.1	26.3	31.6	27.6	40.2	11.4	32	55.1	35.2	1.2	*
Myocardial blush grade 3,%	17.4	--	--	45.7	32.2	25.4	35.8	--	--	--	--	37.3	81.6	**
ST segment resolution>70%,%	62	--	--	56.6	44.2	--	--	39.1	63.6	58	36.7	53.6	79.1	
ST segment resolution>50%,%	--	--	--	--	--	71.9	85	--	--	--	--	78.2	87.6	
30 day major adverse cardiac event,%	4.4	--	--	6.8	9.4	--	--	--	--	10	10.2	8.4	2.4	**
6 month major adverse cardiac events,%	10.2	--	--	--	--	--	--	--	--	--	--	10.2	4.6	
1 year major adverse cardiac events,%	--	13.1	10.9	16.6	20.3	--	--	--	--	--	--	13.3	5.9	*
Acute Binary Resteonosis 6 month,%	20.8	--	--	--	--	--	--	--	--	--	--	20.8	19.0	
1 year target vessel revascularization		7.4	4.6	12.9	11.2									
Acute Binary Resteonosis 1 year,%	--	21	8.3	--	--	--	--	--	--	--	--	11.5	--	

Future Clinical Trials for MGuard ™ Coronary

We anticipate that additional studies will be conducted to meet registration requirements in key countries, particularly the U.S. We have currently budgeted $8.5 million for the U.S. Food and Drug Administration trial. 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. We anticipate that the MGuard for Acute ST Elevation Reperfusion Trial (MASTER Trial), for which we have budgeted $2.0 million, will serve to promote market acceptance of the product and expand its usage. The MASTER Trial is a multinational, randomized controlled trial of the MGuard™ mesh protective coronary stent that includes 432 patients in a two-arm, parallel design, with the intention of testing the MGuard™ stent against commercially approved bare-metal stents or drug-eluting stents with respect to myocardial reperfusion in primary angioplasty for the treatment of acute ST-elevation myocardial infarction. In other countries, we believe that we generally will be able to rely upon the CE Mark approval of the product, as well as the results of the U.S. Food and Drug Administration trial and MASTER Trial in order to obtain local approvals.

In the second fiscal quarter of 2011, we plan to launch a prospective, randomized study in Europe, South America and Israel 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 432 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 U.S. Food and Drug Administration approval in the U.S. We expect that this study will be a prospective, multicenter, randomized clinical trial. Its primary objective will be to compare the safety and 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. We expect total enrollment of up to 654 subjects, at up to 40 sites throughout the U.S. and Europe. The combined 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 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 and 12 months. This plan is tentative, and is subject to change to conform with U.S. Food and Drug Administration 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 countries 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 U.S., 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 appeal, 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 U.S. 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 U.S. to guide products through U.S. Food and Drug Administration approval and to support the sale of MGuard ™ stents in the U.S.

Competition

The stent industry is highly competitive. The bare-metal stent and the drug-eluting stent markets in the U.S. 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 U.S. 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-absorbable stents, stents that are customizable for different lesion lengths, stents that focus on treating bifurcated lesions, 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., Reva 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 lesions, 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.

According to the January 3, 2011 2011 MEDTECH OUTLOOK produced by the BMO (Bank of Montreal) Investment Banking Group, 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 92% and 98% of the market share, respectively. These four companies are Abbott Laboratories, Boston Scientific Corporation, Johnson & Johnson and Medtronic, Inc. To date our sales are not significant enough to register in market share. As such, one of the challenges we face to the further growth of MGuard™ is the competition from numerous pharmaceutical and biotechnology companies in the therapeutics area, as well as competition from academic institutions, government agencies and research institutions. 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.

In addition to the challenges from our competitors, we face challenges related specifically to our products. None of our products are currently approved by the U.S. Food and Drug Administration. Clinical trials necessary to support a pre-market approval application to the U.S. Food and Drug Administration 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. Furthermore, our rights to our intellectual property with respect to our products could be challenged. 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.

We note that an additional challenge facing our products comes from drug-eluting stents. Over the last decade, there has been an increasing tendency to use drug-eluting stents in percutaneous coronary intervention (PCI), with a usage rate of drug-eluting stents in PCI approaching 70-80% in some countries, even though drug-eluting stents do not address thrombus management in acute myocardial infarction. A recent HORIZONS-AMI trial that compared drug-eluting stents to bare-metal stents in STEMI patients failed to show any benefit of drug-eluting stents as compared to bare-metal stents with regard to safety (death, re-infarction, stroke, or stent thrombosis), but showed the 1 year target vessel revascularization (TLR) rate for drug-eluting stent patients was only 4.6%, as compared to 7.4% for patients with bare-metal stents. However, based on data from over 350 patients across three clinical trials, the TLR rate for MGuard ™ was 2.8%. (This data is comprised of: (i) a TLR rate of 2.3% for a 100-patient study, as reported in "Multicentre Experience with MGuard Net Protective Stent in ST-elevation Myocardial Infarction: Safety, Feasibility, and Impact on Myocardial Reperfusion" in *Catheter Cardiovasc Interv* , 2009; (ii) a TLR rate of 2.3% for a sub-group of 203 STEMI patients from the International MGuard ™ Observational Study; and (iii) a TLR rate of 6.0% for a group of 51 heart attack patients, as reported in "Prevention of Thrombus Embolization during Primary Percutaneous Intervention Using a Novel Mesh Covered Stent" in *Catheter Cardiovasc Interv* , 2009).

Another challenge facing the MGuard ™ products is that placing the stent at the entrance to large side branches, known as jailing large side branches, is not recommended with the MGuard ™ Coronary stent, because there is risk of thrombosis. Jailing requires the need to cross the stent with guidewire and to create an opening with the balloon to allow proper flow, which can be achieved with lower risk by using other bare-metal stents.

Research and Development Expenses

During each of 2010 and 2009, we spent approximately $1.3 million on research and development.

Sales and Marketing

Sales and Marketing

In October 2007, MGuard ™ Coronary with a bio-stable mesh received CE Mark approval in the European Union, 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 U.S. Food and Drug Administration 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 Slovakia.

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 work with leading 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. The market penetration of the MGuard ™ Coronary in 2010 was minimal, with total sales in the twelve months ended December 31, 2010 of approximately $5 million representing less than 1% of the total sales of the acute myocardial infarction solutions market.

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 stent thrombosis, require administration of anti-platelet drugs for at least one year post procedure and are more costly than bare-metal stents. 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 provides embolic protection during and post-procedure. We believe our MGuard ™ technology is clinically superior to drug-eluting stents, due to its lower stent thrombosis rate and protection from embolic showers during and post-procedure.

In addition to the advantages of the MGuard ™ technology that we believe to exist, the MGuard ™ technology 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 or in order to obtain a higher reimbursement price. 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 U.S., once the MGuard ™ Coronary with bio-stable mesh is approved by the U.S. Food and Drug Administration, 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 U.S.

Intellectual Property

Patents

We have filed ten separate patents for our MGuard ™ technology in Canada, China, Europe, Israel, India, South Africa and the U.S. 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 to date. 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 U.S. Food and Drug Administration and other corresponding foreign agencies.

Sales of medical devices outside the U.S. 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 U.S. Food and Drug Administration market authorization. These differences may affect the efficiency and timeliness of international market introduction of our products. For countries in the European Union, 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 93/42/EEC and pass an initial and annual facilities audit inspections to ISO 13485 standards by an European Union inspection agency. We have obtained ISO 13485 quality system certification and the products we currently distribute into the European Union display the required CE mark. In order to maintain certification, we are required to pass annual facilities audit inspections conducted by European Union inspectors.

As noted below, we currently have distribution agreements with distributors in the following countries: Italy, Germany, Austria, Czech Republic, Slovakia, France, Slovenia, Greece, Cyprus, Portugal, Spain, Poland, Hungary, Estonia, Lithuania, Ukraine, United Kingdom, Holland, Russia, Latvia, Brazil, Chile, Costa Rica, Mexico, Argentina, Colombia, India, Sri Lanka, Malaysia, Pakistan and Israel. We are subject to governmental regulation in each of these countries. Each of these countries accepts the CE Mark as its primary requirement for marketing approval. Additionally, in Canada, we are required to pass annual facilities audit inspections performed by Canadian inspectors. Furthermore, we are currently targeting additional countries in Europe, Asia, and Latin America. We believe that each country that we are targeting also accepts the CE Mark as its primary requirement for marketing approval. We intend that the results of the MASTER Trial will satisfy any additional governmental regulatory requirements in each of the countries where we currently distribute our products and in any countries that we are currently targeting for expansion.

MGuard Prime™ received CE Mark approval in the European Union in October 2010. We are currently seeking marketing approval for MGuard Prime™ in Brazil, Israel, Malaysia, Mexico, Russia, Serbia and Singapore. Each of these countries accepts the CE Mark as its primary requirement for marketing approval, but each country also requires additional regulatory requirements to be satisfied in order to obtain marketing approval.

In the U.S., the medical devices that will be manufactured and sold by us will be subject to laws and regulations administered by the U.S. Food and Drug Administration, including regulations concerning the prerequisites to commercial marketing, the conduct of clinical investigations, compliance with the Quality System Regulation and labeling.

A manufacturer may seek market authorization for a new medical device through the rigorous Premarket Approval application process, which requires the U.S. Food and Drug Administration to determine that the device is safe and effective for the purposes intended.

We will also be required to register with the U.S. Food and Drug Administration as a medical device manufacturer. As such, our manufacturing facilities will be subject to U.S. Food and Drug Administration inspections for compliance with Quality System Regulation. 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 U.S. Food and Drug Administration 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. U.S. Food and Drug Administration regulations also govern product labeling and prohibit a manufacturer from marketing a medical device for unapproved applications. If the U.S. Food and Drug Administration 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.

Customers

Our customer base is varied. 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. 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. We have an agreement with Hand-Prod Sp. Z o.o that grants Hand-Prod Sp. Z o.o the right to be the exclusive distributor of MGuard ™ products in Poland until December 2012, subject to achievement of certain sales minimums. 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 Innovative Medizinprodukte GmbH. QualiMed Innovative Medizinprodukte GmbH 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 Innovative Medizinprodukte GmbH 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 Innovative Medizinprodukte GmbH is responsible for integrating the mesh covered stent with the delivery system, sterilization, packaging and labeling. Our manufacturing agreement with QualiMed Innovative Medizinprodukte GmbH expires in September 2017 and provides for a rebate program that rewards us for increases in sales of our products. Our proprietary mesh sleeve is supplied by Biogeneral, Inc., a San Diego, California-based specialty polymer manufacturer for medical and engineering applications. Natec Medical Ltd. supplies us with catheters that help create the base for our MGuard ™ stents. Our agreement with Natec Medical Ltd. calls for non-binding minimum orders and discounted catheters upon reaching certain purchasing thresholds.

Our MGuard Prime™ cobalt-chromium stent was designed by Svelte Medical Systems Inc. We have an agreement with Svelte Medical Systems Inc. that grants us a non-exclusive, worldwide license for production and use of the MGuard Prime™ cobalt-chromium stent for the life of the stent's patent. Our royalty payments to Svelte Medical Systems Inc. are determined by the sales volume of MGuard Prime™ stents. We will pay a royalty of 7% for all product sales outside of the U.S. and, for products sales within the U.S., a rate of 7% for the first $10 million of sales and a rate of 10% for all sales exceeding $10 million. We will also share with Svelte Medical Systems Inc. in the cost of obtaining the CE Mark approval, with our costs not to exceed $85,000, and the U.S. Food and Drug Administration approval, with our costs not to exceed $200,000.

Our MGuard Prime™ cobalt-chromium stent is being manufactured and supplied by MeKo Laserstrahl-Materialbearbeitung. Our agreement with MeKo Laserstrahl-Materialbearbeitung for the production of electro polished L605 bare metal stents for MGuard Prime™ is priced on a per-stent basis, subject to the quantity of stents ordered. 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.

MGuard ™ is manufactured from two main components , the stent and the mesh polymer. The stent is made out of stainless steel or cobalt chromium. Both of these materials are readily available and we acquire them in the open market. The mesh is made from polyethylene terephthalate (PET). This material is readily available in the market as well, because it is used for many medical applications. In the event that our supplier can no longer supply this material in fiber form, we would need to qualify another supplier, which could take several months. In addition, in order to retain the approval of the CE Mark, we are required to perform periodic audits of the quality control systems of our key suppliers in order to insure that their products meet our predetermined specifications.

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, Slovakia, France, Slovenia, Greece, Cyprus, Portugal, Spain, Poland, Hungary, Estonia, Lithuania, Ukraine, United Kingdom, Holland, Russia, Latvia, Brazil, Chile, Costa Rica, Mexico, Argentina, Colombia, India, Sri Lanka, Malaysia, Pakistan 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 40 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 automatically renew for an additional three years unless modified by either party.

Employees

As of August 25, 2011, we had 56 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 Ltd., 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 $428,000, additional compensation for holding back wages, and options to purchase 2,029,025 shares of our common stock at an exercise price of $0.001 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.

Executive Officers and Directors

The following table sets forth information regarding our executive officers and the members of our board of directors.

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	50	Chief Financial Officer, Secretary and Treasurer
Eli Bar	46	Senior Vice President of Research and Development and Chief Technical Officer of InspireMD Ltd.

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 Holzer 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 March 31, 2011. In addition, Mr. Paz has served as the chief executive officer and a director of InspireMD Ltd. 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. Mr. Paz's qualifications to serve on the board include his prior experience in successfully establishing and leading technology companies in Israel. In addition, as chief executive officer, Mr. Paz's position on the board ensures a unity of vision between the broader goals our company and our day-to-day operations.

Asher Holzer, PhD , has served as our president and chairman of the board since March 31, 2011. In addition, Dr. Holzer has served as the president and chairman of the board of InspireMD Ltd. since April 2007. Previously, Dr. Holzer founded Adar Medical Ltd., 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. Dr. Holzer is also an inventor and holder of numerous patents. Dr. Holzer brings to the board his more than 25 years of experience in advanced medical devices, as well as expertise covering a wide range of activities, including product development, clinical studies, regulatory affairs, market introduction and the financial aspects of the stent business.

Craig Shore has served as our chief financial officer, secretary and treasurer since March 31, 2011. In addition, since November 10, 2010, Mr. Shore has served as InspireMD Ltd.'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 U.S., 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.

Eli Bar has served as InspireMD Ltd.'s senior vice president of research and development and chief technical officer since February 2011. Prior to that, he served as InspireMD Ltd.'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 with a B.Sc. in Mechanical Engineering.

Sol J. Barer, Ph.D., has served as a director since July 11, 2011. Dr. Barer has over 30 years of experience with publicly traded biotechnology companies. In 1980, when Dr. Barer was with Celanese Research Company, he formed the biotechnology group that was subsequently spun out to form Celgene Corporation. Dr. Barer spent 18 years leading Celgene Corporation as president, chief operating officer and chief executive officer, culminating with his tenure as Celgene Corporation's executive chairman and chairman beginning in May 2006 until his retirement in June 2011. Dr. Barer is also a director of Amicus Therapeutics, Inc. and Aegerion Pharmaceuticals, Inc. and serves as a senior advisor to a number of other biotechnology companies. Dr. Barer received a Ph.D. in organic chemistry from Rutgers University. Dr. Barer brings to the board significant scientific and executive leadership experience in the U.S. biotechnology industry and prior service on the board of directors of other publicly-held biopharmaceutical companies, as well as a unique perspective on the best methods of growth for a biotechnology company.

Paul Stuka has served as a director since August 8, 2011. Mr. Stuka has served as the managing member of Osiris Partners, LLC since 2000. Prior to forming Osiris Partners, LLC, Mr. Stuka, with 30 years experience in the investment industry, was a managing director of Longwood Partners, managing small cap institutional accounts. In 1995, Mr. Stuka joined State Street Research and Management as manager of its Market Neutral and Mid Cap Growth Funds. From 1986 to 1994, Mr. Stuka served as the general partner of Stuka Associates, where he managed a U.S.-based investment partnership. Mr. Stuka began his career in 1980 as an analyst at Fidelity Management and Research. As an analyst, Mr. Stuka followed a wide array of industries including healthcare, energy, transportation, and lodging and gaming. Early in his career he became the assistant portfolio manager for three Fidelity Funds, including the Select Healthcare Fund which was recognized as the top performing fund in the U.S. for the five-year period ending December 31, 1985. Mr. Stuka's qualifications to serve on the board include his significant strategic and business insight from his years of experience investing in the healthcare industry.

Eyal Weinstein has served as a director since August 8, 2011. Mr. Weinstein is the chief executive officer of LEOREX Ltd., a company developing and marketing Dermo Cosmetic products. From 2001 to 2007, Mr. Weinstein worked as manager-partner of C.I.G., an economic and accounting consultancy, consulting for leading Israeli banks, including Leumi Bank, Hapoalim Bank, Discount Bank and Bank Hamizrachi. From 2000 to 2001, he was manager-partner of Exseed, a venture capital fund that invested in early-stage companies. Beginning in 1996, Mr. Weinstein was a partner and founder in the establishment of three high-tech companies that were ultimately sold, two to Microsoft Corporation. Mr. Weinstein brings to the board his considerable management and business experience as an executive of several companies and investment funds in Israel.

Agreements with Executive Officers

Ofir Paz

On April 1, 2005, InspireMD Ltd. entered into an employment agreement with Ofir Paz to serve as InspireMD Ltd.'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 $16,040. 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 salary payments 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 March 31, 2011 was approximately $87,000.

Asher Holzer

On April 1, 2005, InspireMD Ltd. entered into an employment agreement with Dr. Asher Holzer to serve as InspireMD Ltd.'s president. Such employment agreement was subsequently amended on March 28, 2011. Pursuant to this employment agreement, as amended, Dr. Holzer is entitled to a monthly gross salary of $16,040. Dr. Holzer 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 salary payments 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 March 31, 2011 was approximately $86,000.

Craig Shore

On November 28, 2010, InspireMD Ltd. entered into an employment agreement with Craig Shore to serve as InspireMD Ltd.'s vice president of business development. Pursuant to the employment agreement, Mr. Shore was entitled to a monthly gross salary of $8,750, which amount increased to $10,200 upon consummation of our share exchange transactions on March 31, 2011 and which further increased to $10,620 as of July 1, 2011. 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 Ltd. which were converted into options to purchase 365,223 options to purchase shares of our common stock following the consummation of our share exchange transactions on March 31, 2011; such 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, Mr. Shore shall be 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 Ltd. occurs, 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 for 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 Ltd. by 8.33% of his gross monthly salary.

Eli Bar

On June 26, 2005, InspireMD Ltd. entered into an employment agreement with Eli Bar to serve as InspireMD Ltd.'s engineering manager. Pursuant to this employment agreement, Mr. Bar is entitled to a monthly gross salary of $8,750, which amount increased to $10,620 as of July 1, 2011. 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.

Executive Compensation

Summary Compensation Table

The table below sets forth, for our last two fiscal years, the compensation earned by Ofir Paz, our chief executive officer, Asher Holzer, our president and chairman of the board, Eli Bar, InspireMD Ltd.'s vice president of research and development, and Lynn Briggs, our former president, chief executive officer, chief financial officer, secretary and treasurer.

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 of InspireMD Ltd.	2010	111,667	-	818,509	-	930,176
	2009	106,001	-	-	-	106,001
Lynn Briggs (4)						
Former President, CEO, CFO, Secretary and Treasurer	2010	-	-	-	-	-
	2009	-	-	-	-	-

(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).
(3) Both Mr. Paz and Dr. Holzer are directors but do not receive any additional compensation for their services as directors.
(4) Ms. Briggs resigned as our sole officer and director in connection with our share exchange transactions on March 31, 2011. She received no compensation for services, but was reimbursed for any out-of-pocket expenses that she incurred on our behalf.

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	243,481	-	0.001	10/28/2016
	365,224	-	0.001	12/29/2016
	152,177	456,530(1)	0.001	7/22/2020
	20,290	60,871(1)	1.23	7/28/2020

(1) These options were granted in July 2010 and vest one-twelfth quarterly commencing with the quarter in which they were granted.

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 "Umbrella Plan"). Under the 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 Umbrella Plan currently consists of three components, the primary plan document that governs all awards granted under the Umbrella Plan, and two appendices: (i) Appendix A, designated for the purpose of grants of stock options and restricted stock to Israeli employees, consultants, officers and other service providers and other non-U.S. employees, consultants, and service providers, 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.

The purpose of the 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 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. Unless terminated earlier by the board of directors, the Umbrella Plan will expire on March 27, 2021.

Since its adoption, we have granted options to purchase common stock under the Umbrella Plan that are currently outstanding to the following named executive officer:

Name	Shares Subject to Options	Exercise Price	Vesting Schedule	Expiration
Eli Bar	200,000	2.75	One-third annually in 2012, 2013 and 2014 on the anniversary of the grant date	May 23, 2016

2010 Director Compensation

We did not provide any separate compensation to our sole director in 2010. The following table shows information concerning the directors of InspireMD Ltd., other than Ofir Paz and Asher Holder, during the fiscal year ended December 31, 2010.

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	133,398	-	137,181
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) As of December 31, 2010, the following directors owned the following number of outstanding options to purchase common stock: David Ivry (121,742), Fellice Pelled (121,742) and Robert Fischell (121,742).

(3) Each of David Ivry, Robert Fischell and Fellice Pelled resigned as directors of InspireMD, Ltd. on March 31, 2011. Pursuant to the terms of the directors' vested options, the vested options expired thirty days after the directors' resignations. However, in connection with their resignation, we agreed to grant each director replacement options with substantially similar terms to the expired options.

Other than Mr. Paz and Dr. Holzer, we previously 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 of our common stock on the grant date. The options vest over four quarters from the grant date.

We do not currently provide cash compensation to our directors for acting as such, although we may do so in the future. We reimburse our directors for reasonable expenses incurred in connection with their service as directors. In addition, in connection with their appointment, we made the following option grants to the following directors. Each grant was made under the Umbrella Plan, except as noted below.

Name	Shares Subject to Options	Exercise Price	Vesting Schedule	Expiration
Sol J. Barer, Ph.D.	1,000,000(1)	$1.50	Fully vested	September 30, 2011
	500,000	$2.50	One-half annually in 2012 and 2013 on the anniversary of the date of grant, provided that if Dr. Barer is (i) not reelected as a director at our 2012 annual meeting of stockholders, or (ii) not nominated for reelection as a director at our 2012 annual meeting of stockholders, the option vests and becomes exercisable on the date of such failure to be reelected or nominated.	July 11, 2021
Paul Stuka	100,000	$1.95	One-third annually in 2012, 2013 and 2014 on the anniversary of the date of grant, provided that if Mr. Stuka is (i) not reelected as a director at our 2012 annual meeting of stockholders, or (ii) not nominated for reelection as a director at our 2012 annual meeting of stockholders, the option vests and becomes exercisable on the date of such failure to be reelected or nominated.	August 8, 2021
Eyal Weinstein	25,000	$1.95	One-third annually in 2012, 2013 and 2014 on the anniversary of the date of grant, provided that if Mr. Weinstein is required to resign from the board due to medical reasons, the option vests and becomes exercisable on the date of Mr. Weinstein's resignation for medical reasons.	August 8, 2021

(1) This grant was made outside the Umbrella Plan.

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 and corporate governance 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.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to the beneficial ownership of our common stock as of August 25, 2011 by:

- each person known by us to beneficially own more than 5.0% of our common stock;
- each of our directors;
- each of the named executive officers; and
- all of our directors and executive officers as a group.

The percentages of common stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission governing the determination of beneficial ownership of securities. Under the rules of the Securities and Exchange Commission, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of the security, or investment power, which includes the power to dispose of or to direct the disposition of the security. Except as indicated in the footnotes to this table, each beneficial owner named in the table below has sole voting and sole investment power with respect to all shares beneficially owned and each person's address is c/o InspireMD, Inc., 3 Menorat Hamaor St., Tel Aviv, Israel 67448. As of August 25, 2011, we had 64,278,947 shares outstanding.

Name of Beneficial Owner	Number of Shares Beneficially Owned(1)	Percentage Beneficially Owned(1)
5% Owners		
Yuli Ofer (2)	4,518,301	7.0%
Officers and Directors		
Ofir Paz	10,263,752(3)	16.0%
Asher Holzer	10,300,437(4)	16.0%
Eli Bar	953,638	1.5%
Sol J. Barer, Ph.D. (5)	1,000,000(6)	1.6%
Paul Stuka (7)	0	*%
Eyal Weinstein (8)	0	*%
All directors and executive officers as a group (6 persons)	22,517,827	35.0%

* Represents ownership of less than one percent.

(1) 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 August 25, 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) Mr. Ofer's address is 36 Hamesila Street, Herzeliya, Israel.

(3) This amount does not include 372,528 shares of common stock that Mr. Paz presently holds as trustee for a family trust. Mr. Paz does not have either voting power or dispositive power over these shares and disclaims all beneficial ownership therein.

(4) This amount does not include 58,923 shares of common stock that Dr. Holzer presently holds as trustee for a family trust. Dr. Holzer does not have either voting power or dispositive power over these shares and disclaims all beneficial ownership therein.

(5) Dr. Barer's address is 2 Barer Lane, Mendham, NJ 07945.

(6) This amounts represents an option to purchase 1,000,000 shares of common stock at an exercise price of $1.50 per share that is presently exercisable in full and expires on September 30, 2011.

(7) Mr. Stuka's address is c/o Osiris Partners, LLC, 1 Liberty Square, 5 th Floor, Boston, MA 02109.

(8) Mr. Weinstein's address is c/o Leorlex Ltd., P.O. Box 15067 Matam, Haifa, Israel 31905.

SELLING STOCKHOLDERS

Up to 414,942 shares of common stock issuable upon the exercise of warrants are being offered by this prospectus, all of which are being registered for sale for the accounts of the selling stockholders. These warrants were issued in connection with a series of private placements we conducted on March 31, 2011, April 18, 2011 and April 21, 2011, pursuant to which we issued 7,437,336 shares of common stock and five year warrants to purchase up to 3,718,666 shares of common stock at an exercise price of $1.80 per share for aggregate cash proceeds of $10,488,404 and the cancellation of $667,596 of indebtedness held by investors.

Each of the transactions by which the selling stockholders acquired their securities from us was exempt under the registration provisions of the Securities Act of 1933, as amended.

The shares of common stock referred to above are being registered to permit public sales of the shares, and the selling stockholders may offer the shares for resale from time to time pursuant to this prospectus. The selling stockholders may also sell, transfer or otherwise dispose of all or a portion of their shares in transactions exempt from the registration requirements of the Securities Act of 1933, as amended, or pursuant to another effective registration statement covering those shares. We may from time to time include additional selling stockholders in supplements or amendments to this prospectus.

The table below sets forth certain information regarding the selling stockholders and the shares of our common stock offered by them in this prospectus. The selling stockholders have not had a material relationship with us within the past three years other than as described in the footnotes to the table below or as a result of their acquisition of our shares or other securities. To our knowledge, subject to community property laws where applicable, each person named in the table has sole voting and investment power with respect to the shares of common stock set forth opposite such person's name.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. In computing the number of shares beneficially owned by a selling stockholder and the percentage of ownership of that selling stockholder, shares of common stock underlying warrants held by that selling stockholder that are convertible or exercisable, as the case may be, within 60 days of August 25, 2011 are included. Those shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other selling stockholder. Each selling stockholder's percentage of ownership of our outstanding shares in the table below is based upon 64,278,947 shares of common stock outstanding as of August 25, 2011. With respect to the warrants held by the selling stockholders, there exist contractual provisions limiting conversion and exercise to the extent such conversion or exercise would cause such selling stockholder, together with its affiliates or members of a "group," to beneficially own a number of shares of common stock which would exceed 4.99% of our then outstanding shares of common stock following such conversion or exercise. The shares and percentage ownership of our outstanding shares indicated in the table below do not give effect to this limitation.

	Ownership Before Offering		Ownership After Offering	
Selling Stockholder	**Number of shares of common stock beneficially owned**	**Number of shares offered (1)**	**Number of shares of common stock beneficially owned**	**Percentage of common stock beneficially owned**
Platinum Partners Value Arbitrage Fund LP (2)	3,435,000 (3)	100,000	3,335,000 (4)	5.2%
Osiris Investment Partners, L.P. (5)	2,000,000 (6)	66,667	1,933,333 (7)	3.0%
Alla Pasternack	50,000 (8)	1,667	48,333 (9)	*
Leon Frenkel	200,000 (10)	6,667	193,333 (11)	*
CNH Diversified Opportunities Master Account, L.P. (12)	10,698 (13)	357	10,141 (14)	*
Advanced Series Trust – AST Academic Strategies Asset Allocation Portfolio (15)	17,664 (16)	589	17,075 (17)	*
AQR Opportunistic Premium Offshore Fund, L.P. (18)	17,904 (19)	597	17,307 (20)	*
AQR Funds – AQR Diversified Arbitrage Fund (21)	203,734 (22)	6,791	196,943 (23)	*
Joseph Kazarnovsky	360,000 (24)	12,000	348,000 (25)	*
Fame Associates (26)	250,000 (27)	8,333	241,667 (28)	*
American European Insurance Co. (29)	300,000 (30)	10,000	290,000 (31)	*
Harborview Value Master Fund L.P. (32)	625,000 (33)	18,333	606,667 (34))	*
The Corbran LLC (35)	1,535,862 (36)	8,333	1,527,529 (37))	2.4%
David Stefansky (38)	1,887,863 (39)	20,000	1,687,863 (40)	2.6%
Endicott Management Partners, LLC (41)	2,775,492 (42)	8,333	2,767,159 (43)	4.3%
Ralph Rieder	180,000 (47)	6,000	174,000 (48)	*
Harmony Finance Holdings Ltd. (49)	100,000 (50)	3,333	96,667 (51)	*
Alan Kneller	15,000 (52)	500	14,500 (53)	*
Alpha Capital Anstalt (54)	1,025,000 (55)	33,333	991,667 (56)	1.5%
Fortis Business Holdings, LLC (57)	100,000 (58)	3,333	96,667 (59)	*
Gedalya Shai	50,000 (60)	1,667	48,333 (61)	*
Sandor Capital Master Fund, L.P. (62)	492,000 (63)	15,000	477,000 (64)	*
Lev Michael	40,000 (65)	1,333	38,667 (66)	*
Shmuel and Serena Fuchs Foundation (67)	115,000 (68)	3,333	111,667 (69)	*
RPSMSS, LLC (70)	325,000 (71)	10,000	315,000 (72)	*
Petr Gukovskiy	200,000 (73)	6,667	193,333 (74)	*
LR Holdings Associates (75)	50,000 (76)	1,667	48,333 (77)	*
Seth Padowitz	36,000 (78)	1,200	34,800 (79)	*
Gary and Jane Klopfer	400,000 (80)	13,333	386,667 (81)	*
Ronald A. Durando	25,000 (82)	833	24,167 (83)	*
Palladium Capital Advisors, LLC (84)	99,268 (85)	9,927	89,341 (86)	*
Reinder Hogeboom	50,000 (87)	1,667	48,333 (88)	*
Moishe Hartstein (89)	294,205 (90)	29,421	264,784 (91)	*
Abraham Biderman	8,500 (92)	850	7,650 (93)	*
Jeffrey Frank	3,315 (94)	332	2,983 (95)	*
The Benchmark Company, LLC (96)	8,840 (97)	884	7,956 (98)	*
William Odenthal	9,945 (99)	995	8,950 (100)	*
Cato Capital LLC (101)	6,667 (102)	667	6,000 (103)	*

*Less than 1%

(1) Number of shares offered represents number of shares of common stock issuable upon the exercise of a warrant
(2) Platinum Management (NY) LLC is the general partner of Platinum Partners Value Arbitrage Fund LP. Platinum Partners Value Arbitrage Fund LP has sole voting and dispositive power over the securities held for the account of this selling stockholder. Mark Nordlicht has the sole voting and investment power over the securities beneficially owned or that may be purchased by Platinum Partners Value Arbitrage Fund LP.
(3) Includes 1,000,000 shares of common stock issuable upon the exercise of warrants.
(4) Includes 900,000 shares of common stock issuable upon the exercise of warrants.
(5) Paul Stuka, Principal and Managing Manager, has voting and dispositive power over the securities held for the account of this selling stockholder. Mr. Stuka disclaims beneficial ownership of these securities.
(6) Includes 666,667 shares of common stock issuable upon the exercise of warrants.
(7) Includes 600,000 shares of common stock issuable upon the exercise of warrants.
(8) Includes 16,667 shares of common stock issuable upon the exercise of warrants.
(9) Includes 15,000 shares of common stock issuable upon the exercise of warrants.
(10) Includes 66,667 shares of common stock issuable upon the exercise of warrants.
(11) Includes 60,000 shares of common stock issuable upon the exercise of warrants.
(12) CNH Partners, LLC, as the advisor of CNH Diversified Opportunities Master Account, L.P., has voting and dispositive power over the securities held for the account of this selling stockholder. CNH Partners, LLC is controlled indirectly by Todd Pulvino and Mark Mitchell, and accordingly, both Mr. Pulvino and Mr. Mitchell may each be deemed to share voting and dispositive power over the securities owned by CNH Diversified Opportunities Master Account, L.P.
(13) Includes 3,566 shares of common stock issuable upon the exercise of warrants.
(14) Includes 3,209 shares of common stock issuable upon the exercise of warrants.
(15) Advanced Series Trust — AST Academic Strategies Asset Allocation Portfolio is an affiliate of Prudential Investment Management Services LLC and Prudential Annuities Distributors, Inc., both of whom are broker-dealers registered under Section 15 of the Exchange Act. CNH Partners, LLC, as the sub-advisor of Advanced Series Trust — AST Academic Strategies Asset Allocation Portfolio, has discretionary voting and dispositive power over the securities held for the account of this selling stockholder. CNH Partners, LLC is controlled indirectly by Todd Pulvino and Mark Mitchell, and accordingly, both Mr. Pulvino and Mr. Mitchell may be deemed to share voting and dispositive power over the securities owned by Advanced Series Trust — AST Academic Strategies Asset Allocation Portfolio. These securities were purchased by Advanced Series Trust — AST Academic Strategies Asset Allocation Portfolio in the ordinary course of business, and at the time of the time of transfer, Advanced Series Trust — AST Academic Strategies Asset Allocation Portfolio had no agreements or understandings directly or indirectly with any person to distribute the shares of common stock underlying this warrant.
(16) Includes 5,888 shares of common stock issuable upon the exercise of warrants.
(17) Includes 5,299 shares of common stock issuable upon the exercise of warrants.
(18) CNH Partners, LLC, as the sub-advisor of AQR Opportunistic Premium Offshore, L.P., has discretionary voting and dispositive power over the securities held for the account of this selling stockholder. CNH Partners, LLC is controlled indirectly by Todd Pulvino and Mark Mitchell, and accordingly, both Mr. Pulvino and Mr. Mitchell may be deemed to share voting and dispositive power over the securities owned by AQR Opportunistic Premium Offshore Fund, L.P.
(19) Includes 5,968 shares of common stock issuable upon the exercise of warrants.
(20) Includes 5,371 shares of common stock issuable upon the exercise of warrants.
(21) CNH Partners, LLC, as the sub-advisor of AQR Funds — AQR Diversified Arbitrage Fund, has discretionary voting and dispositive power over the securities held for the account of this selling stockholder. CNH Partners, LLC is controlled indirectly by Todd Pulvino and Mark Mitchell, and accordingly, both Mr. Pulvino and Mr. Mitchell may be deemed to share voting and dispositive power over the securities owned by AQR Funds — AQR Diversified Arbitrage Fund.
(22) Includes 67,911 shares of common stock issuable upon the exercise of warrants.
(23) Includes 61,120 shares of common stock issuable upon the exercise of warrants.
(24) Includes 120,000 shares of common stock issuable upon the exercise of warrants.
(25) Includes 108,000 shares of common stock issuable upon the exercise of warrants.
(26) Abraham Fruchthandler, general partner of Fame Associates, has sole voting and dispositive power over the securities held for the account of this selling stockholder.
(27) Includes 83,333 shares of common stock issuable upon the exercise of warrants.
(28) Includes 75,000 shares of common stock issuable upon the exercise of warrants.
(29) Nachum Stein has sole voting and dispositive power over the securities held for the account of this selling stockholder.
(30) Includes 100,000 shares of common stock issuable upon the exercise of warrants.

(31) Includes 90,000 shares of common stock issuable upon the exercise of warrants.
(32) Harborview Advisors LLC is the general partner of Harborview Value Master Fund, L.P. Richard Rosenblum and David Stefansky are the managers of Harborview Advisors LLC and have shared voting and dispositive power over the securities held by Harborview Value Master Fund, LP. Mr. Rosenblum and Mr. Stefansky disclaim beneficial ownership of such securities.
(33) Includes 183,333 shares of common stock issuable upon the exercise of warrants.
(34) Includes 165,000 shares of common stock issuable upon the exercise of warrants.
(35) Richard Rosenblum exercises sole voting and dispositive power over the securities held for the account of this selling stockholder. The Corbran LLC provided us with advisory consulting services in connection with the structuring of our share exchange transactions. In consideration for such services, we issued The Corbran LLC a three-year warrant to purchase up to 625,000 shares of common stock at an exercise price of $1.50 per share.
(36) Includes 708,333 shares of common stock issuable upon the exercise of warrants.
(37) Includes 700,000 shares of common stock issuable upon the exercise of warrants.
(38) David Stefansky provided us with advisory consulting services in connection with the structuring of our share exchange transactions. In consideration for such services, we issued David Stefansky a three-year warrant to purchase up 625,000 shares of common stock at an exercise price of $1.50 per share.
(39) Includes 825,000 shares of common stock issuable upon the exercise of warrants.
(40) Includes 805,000 shares of common stock issuable upon the exercise of warrants.
(41) Ken Londoner exercises sole voting and dispositive power over the securities held for the account of this selling stockholder. Endicott Management Partners, LLC provided us with advisory consulting services in connection with the structuring of our share exchange transactions. In consideration for such services, we issued Endicott Management Partners, LLC a three-year warrants to purchase up to 1,250,000 shares of common stock at an exercise price of $1.50 per share.
(42) Includes 1,333,333 shares of common stock issuable upon the exercise of warrants and 93,000 shares of common stock held by Ken Londoner.
(43) Includes 1,325,000 shares of common stock issuable upon the exercise of warrants and 93,000 shares of common stock held by Ken Londoner.
(44) Reserved.
(45) Reserved.
(46) Reserved.
(47) Includes 60,000 shares of common stock issuable upon the exercise of warrants.
(48) Includes 54,000 shares of common stock issuable upon the exercise of warrants.
(49) Independent Management Inc., as the sole director of Harmony Finance Holdings Ltd., has discretionary voting and dispositive power over the securities held for the account of this selling stockholder. Independent Management Inc. is controlled by Sean Breslin and Meral Baruh, who may be deemed to have voting and dispositive power over the securities held for the account of this selling stockholder.
(50) Includes 33,333 shares of common stock issuable upon the exercise of warrants.
(51) Includes 30,000 shares of common stock issuable upon the exercise of warrants.
(52) Includes 5,000 shares of common stock issuable upon the exercise of warrants.
(53) Includes 4,500 shares of common stock issuable upon the exercise of warrants.
(54) Konrad Ackemann exercises sole voting and dispositive power over the securities held for the account of this selling stockholder.
(55) Includes 333,333 shares of common stock issuable upon the exercise of warrants.
(56) Includes 300,000 shares of common stock issuable upon the exercise of warrants.
(57) Louis, Joel, and Sarah Kestenbaum have voting power of Fortis Business Holdings, LLC. Louis Kestenbaum, Margaret Kestenbaum, Joel Kestenbaum, and Sarah Rosenfeld also claim beneficial ownership of Fortis Business Holdings, LLC's shares.
(58) Includes 33,333 shares of common stock issuable upon the exercise of warrants.
(59) Includes 30,000 shares of common stock issuable upon the exercise of warrants.
(60) Includes 16,667 shares of common stock issuable upon the exercise of warrants.
(61) Includes 15,000 shares of common stock issuable upon the exercise of warrants.
(62) John S. Lemak, as manager of this security holder, has voting and dispositive power over the securities held for the account of this selling stockholder and may be deemed to be the beneficial owner of these securities.
(63) Includes 150,000 shares of common stock issuable upon the exercise of warrants.
(64) Includes 135,000 shares of common stock issuable upon the exercise of warrants.
(65) Includes 13,333 shares of common stock issuable upon the exercise of warrants.
(66) Includes 12,000 shares of common stock issuable upon the exercise of warrants.
(67) The Shmuel & Serena Fuchs Foundation is a charitable trust and the trustees are Bernard and Hanna Fuchs.
(68) Includes 33,333 shares of common stock issuable upon the exercise of warrants.
(69) Includes 30,000 shares of common stock issuable upon the exercise of warrants.
(70) Richard P. Stadtmauer exercises sole voting and dispositive power over the securities held for the account of this selling stockholder.
(71) Includes 100,000 shares of common stock issuable upon the exercise of warrants.
(72) Includes 90,000 shares of common stock issuable upon the exercise of warrants.
(73) Includes 66,667 shares of common stock issuable upon the exercise of warrants.
(74) Includes 60,000 shares of common stock issuable upon the exercise of warrants.
(75) Leslie Rieder and Samuel J. Rieder have voting and dispositive power over the securities held for the account of this selling stockholder.
(76) Includes 16,667 shares of common stock issuable upon the exercise of warrants.
(77) Includes 15,000 shares of common stock issuable upon the exercise of warrants.
(78) Includes 12,000 shares of common stock issuable upon the exercise of warrants.
(79) Includes 10,800 shares of common stock issuable upon the exercise of warrants.
(80) Includes 133,333 shares of common stock issuable upon the exercise of warrants.

(81) Includes 120,000 shares of common stock issuable upon the exercise of warrants.
(82) Includes 8,333 shares of common stock issuable upon the exercise of warrants.
(83) Includes 7,500 shares of common stock issuable upon the exercise of warrants.
(84) Palladium Capital Advisors LLC is a registered broker-dealer. Joel Padowitz is the CEO of Palladium Capital Advisors LLC and, in such capacity, may be deemed to have voting and dispositive power over the securities held for the account of this selling stockholder. On July 18, 2010, we engaged Palladium Capital Advisors LLC to serve as our placement agent in connection with our March 31, 2011 and April 18, 2011 private placements. In connection with such private placements, we paid Palladium Capital Advisors LLC a fee of $757,170, expenses reimbursement of $15,000 and we issued it a five-year warrant to purchase 430,740 shares of our common stock, at an initial exercise price of $1.80 per share.
(85) All 99,268 shares of common stock issuable upon the exercise of warrants.
(86) All 89,341 shares of common stock issuable upon the exercise of warrants.
(87) Includes 16,667 shares of common stock issuable upon the exercise of warrants.
(88) Includes 15,000 shares of common stock issuable upon the exercise of warrants.
(89) Moishe Hartstein is an affiliate of Palladium Capital Advisors LLC, a registered broker-dealer. These securities were transferred to Mr. Hartstein by Palladium Capital Advisors LLC in the ordinary course of business, and at the time of the time of transfer, Mr. Hartstein had no agreements or understandings directly or indirectly with any person to distribute the shares of common stock underlying this warrant.
(90) All 294,205 shares of common stock issuable upon the exercise of warrants.
(91) All 264,784 shares of common stock issuable upon the exercise of warrants.
(92) All 8,500 shares of common stock issuable upon the exercise of warrants.
(93) All 7,650 shares of common stock issuable upon the exercise of warrants.
(94) All 3,315 shares of common stock issuable upon the exercise of warrants.
(95) All 2,983 shares of common stock issuable upon the exercise of warrants.
(96) The Benchmark Company, LLC is a registered broker-dealer. Mr. Adam Gordon and Mr. Richard Messina share voting and investment power over these securities. On March 31, 2011, we engaged The Benchmark Company, LLC to provide financial advisory services and other investment banking services to us for a period of six months. In connection with this engagement, we issued to The Benchmark Company, LLC 50,000 restricted shares of our common stock and a five-year warrant to purchase 50,000 shares of our common stock, at an initial exercise price of $1.50 per share and we are obligated to pay The Benchmark Company LLC a monthly fee of $8,000 and aggregate expenses over the period of the engagement not to exceed $10,000.
(97) All 8,840 shares of common stock issuable upon the exercise of warrants.
(98) All 7,956 shares of common stock issuable upon the exercise of warrants.
(99) All 9,945 shares of common stock issuable upon the exercise of warrants.
(100) All 8,950 shares of common stock issuable upon the exercise of warrants.
(101) Solomon Lax has voting and dispositive power over the securities held for the account of this selling stockholder.
(102) All 6,667 shares of common stock issuable upon the exercise of warrants.
(103) All 6,000 shares of common stock issuable upon the exercise of warrants.

DESCRIPTION OF SECURITIES

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. On August 25, 2011, there were 64,278,947 shares of common stock issued and outstanding and no shares of preferred stock issued and outstanding.

On August 19, 2011, we filed a preliminary proxy statement with the Securities and Exchange Commission pursuant to which we intend to seek stockholder approval of a one-for-two to one-for-four reverse stock split, with the precise ratio to be determined by our board of directors. The primary purpose of the proposed reverse stock split is to achieve a stock price above $4.00 per share, which is the minimum stock price necessary to qualify for listing on the Nasdaq Capital Market, where we submitted an application to list our common stock.

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

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

Warrants

March $1.80 Warrants

On March 31, 2011 and on April 18, 2011, we issued certain investors five-year warrants to purchase up to an aggregate of 3,560,332 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 20 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 holder 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 seven-day period.

April $1.80 Warrants

On April 18 and April 21, 2011, we issued certain investors five-year warrants to purchase up to an aggregate of 158,334 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. In addition, if (i) the volume-weighted average price of our common stock for 20 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; and (iii) a registration statement providing for the resale of the common stock issuable upon exercise of the warrants is effective, then we may require each holder to exercise all or a portion of its warrant pursuant to the terms described above within three 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 three-day period.

Placement Agent Warrant

As consideration for serving as our placement agent in connection with certain private placements, we have issued Palladium Capital Advisors, LLC a five-year warrant to purchase up to 430,740 shares of common stock at an exercise price of $1.80 per share. The terms of this warrant are identical to the March $1.80 Warrants described above.

Employee Warrants

On March 31, 2011, for work performed in connection with the share exchange transactions and as bonus compensation, we issued Craig Shore, our chief financial officer, secretary and treasurer, a five-year warrant to purchase up to 3,000 shares of common stock at an exercise price of $1.80 per share. The terms of this warrant are identical to the April $1.80 Warrants described above.

Consultant Warrants

In connection with our March 31, 2011 private placement, we issued to Hermitage Capital Management, 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, in consideration for consulting services. The terms of this warrant are identical to the April $1.80 Warrants described above.

In consideration for financial consulting services, we issued to The Benchmark Company, LLC, a consultant, a five-year warrant to purchase up to 50,000 shares of common stock at an exercise price of $1.50 per share. The terms of this warrant are identical to the April $1.80 Warrants described above, except that the exercise price for this warrant is $1.50 per share.

On March 31, 2011, we issued certain consultants five-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 March $1.80 Warrants described above, except that the exercise price for these $1.50 warrants is $1.50 per share.

$1.23 Warrants

In connection with our share exchange transactions 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 Ltd. 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.

Delaware Anti-Takeover Law and Provisions of our Certificate of Incorporation and Bylaws

Delaware Anti-Takeover Law

We are subject to Section 203 of the Delaware General Corporation Law. Section 203 generally prohibits a public 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:

- prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (i) shares owned by persons who are directors and also officers and (ii) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- on or subsequent to the date of the transaction, the business combination is approved by the board and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder;

- any sale, transfer, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;

- subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder; or

- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with, or controlling, or controlled by, the entity or person. The term “owner” is broadly defined to include any person that, individually, with or through that person’s affiliates or associates, among other things, beneficially owns the stock, or has the right to acquire the stock, whether or not the right is immediately exercisable, under any agreement or understanding or upon the exercise of warrants or options or otherwise or has the right to vote the stock under any agreement or understanding, or has an agreement or understanding with the beneficial owner of the stock for the purpose of acquiring, holding, voting or disposing of the stock.

The restrictions in Section 203 do not apply to corporations that have elected, in the manner provided in Section 203, not to be subject to Section 203 of the Delaware General Corporation Law or, with certain exceptions, which do not have a class of voting stock that is listed on a national securities exchange or authorized for quotation on the Nasdaq Stock Market or held of record by more than 2,000 stockholders. Our certificate of incorporation and bylaws do not opt out of Section 203.

Section 203 could delay or prohibit mergers or other takeover or change in control attempts with respect to us and, accordingly, may discourage attempts to acquire us even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price.

Certificate of Incorporation and Bylaws

Provisions of our certificate of incorporation and bylaws may delay or discourage transactions involving an actual or potential change in our control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our common stock. Among other things, our certificate of incorporation and bylaws:

- permit our board of directors to issue up to 5,000,000 shares of preferred stock, without further action by the stockholders, with any rights, preferences and privileges as they may designate, including the right to approve an acquisition or other change in control;

- provide that the authorized number of directors may be changed only by resolution of the board of directors;
- provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- divide our board of directors into three classes, with each class serving staggered three-year terms;
- do not provide for cumulative voting rights (therefore allowing the holders of a majority of the shares of common stock entitled to vote in any election of directors to elect all of the directors standing for election, if they should so choose);
- provide that special meetings of our stockholders may be called only by our board of directors; and
- set forth an advance notice procedure with regard to the nomination, other than by or at the direction of our board of directors, of candidates for election as directors and with regard to business to be brought before a meeting of stockholders.

Indemnification of Directors and Officers

Section 145 of the General Corporation Law of the State of Delaware provides, in general, that a corporation incorporated under the laws of the State of Delaware, as we are, 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 General Corporation Law of the State of Delaware, 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. Any repeal or modification of these provisions approved by our stockholders will be prospective only and will not adversely affect any limitation on the liability of any of our directors or officers 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 General Corporation Law of the State of Delaware would permit indemnification.

Disclosure of Commission Position on Indemnification for Securities Act Liabilities

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to our directors, officers and persons controlling us, we have been advised that it is the Securities and Exchange Commission's opinion that such indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is, therefore, unenforceable.

PLAN OF DISTRIBUTION

The selling stockholders may, from time to time, sell any or all of their shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The selling stockholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales;
- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise; or
- any other method permitted pursuant to applicable law.

The selling stockholders may also sell shares under Rule 144 under the Securities Act of 1933, as amended, if available, rather than under this prospectus.

Broker-dealers engaged by the selling stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The selling stockholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved. Any profits on the resale of shares of common stock by a broker-dealer acting as principal might be deemed to be underwriting discounts or commissions under the Securities Act of 1933, as amended. Discounts, concessions, commissions and similar selling expenses, if any, attributable to the sale of shares will be borne by a selling stockholder. The selling stockholders may agree to indemnify any agent, dealer or broker-dealer that participates in transactions involving sales of the shares if liabilities are imposed on that person under the Securities Act of 1933, as amended.

The selling stockholders may from time to time pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock from time to time under this prospectus after we have filed a supplement to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933, as amended, supplementing or amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus.

The selling stockholders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus and may sell the shares of common stock from time to time under this prospectus after we have filed a supplement to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933, as amended, supplementing or amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus.

The selling stockholders and any broker-dealers or agents that are involved in selling the shares of common stock may be deemed to be "underwriters" within the meaning of the Securities Act of 1933, as amended, in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares of common stock purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act of 1933, as amended.

We have agreed to pay all fees and expenses incident to the registration of the shares of common stock. We have agreed to indemnify the selling stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act of 1933, as amended.

We do not believe that the selling stockholders have entered into any agreements, understandings or arrangements with any underwriters or broker-dealers regarding the sale of their shares of common stock, nor is there an underwriter or coordinating broker acting in connection with a proposed sale of shares of common stock by any selling stockholder. If we are notified by any selling stockholder that any material arrangement has been entered into with a broker-dealer for the sale of shares of common stock, if required, we will file a supplement to this prospectus. If the selling stockholders use this prospectus for any sale of the shares of common stock, they will be subject to the prospectus delivery requirements of the Securities Act of 1933, as amended.

The anti-manipulation rules of Regulation M under the Securities Exchange Act of 1934, as amended, may apply to sales of our common stock and activities of the selling stockholders.

LEGAL MATTERS

Haynes and Boone, LLP, New York, New York, will pass upon the validity of the shares of our common stock offered by the selling stockholders under this prospectus.

EXPERTS

Our financial statements as of December 31, 2009 and 2010 and for the years ended December 31, 2009 and 2010 included in this prospectus have been audited by Kesselman & Kesselman, Certified Public Accountants, a member of PricewaterhouseCoopers International Limited, an independent registered public accounting firm, as stated in its report appearing in the registration statement, and are included in reliance upon the report of such firm given upon its authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1, together with any amendments and related exhibits, under the Securities Act of 1933, as amended, with respect to our shares of common stock offered by this prospectus. The registration statement contains additional information about us and our shares of common stock that the selling stockholders are offering in this prospectus.

We file annual, quarterly and current reports and other information with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Our Securities and Exchange Commission filings are available to the public over the Internet at the Securities and Exchange Commission's website at http://www.sec.gov. You may also read and copy any document we file at the Securities and Exchange Commission's public reference room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference rooms and their copy charges. In addition, through our website, http://www.inspire-md.com, you can access electronic copies of documents we file with the Securities and Exchange Commission, including our Quarterly Report on Form 10-Q, and Current Reports on Form 8-K and any amendments to those reports. Information on our website is not incorporated by reference in this prospectus. Access to those electronic filings is available as soon as practicable after filing with the Securities and Exchange Commission. You may also request a copy of those filings, excluding exhibits, from us at no cost. Any such request should be addressed to us at: 3 Menorat Hamaor St., Tel Aviv, Israel 67448, Attention: Ofir Paz, Chief Executive Officer.

INSPIREMD LTD.
CONSOLIDATED FINANCIAL STATEMENTS

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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, except for notes 10 c(1) and 15 for which the date is June 13, 2011

/s/ Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited

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 :		
Common stock, par value $0.0001 per share; 125,000,000 shares authorized; 48,338,380 shares issued and outstanding at December 31, 2009 and 49,863,801 shares issued and outstanding at December 31, 2010	5	5
Additional paid-in capital	21,057	17,212
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.

Date of approval of financial statements: June 13, 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	$ (0.07)	$ (0.06)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED IN COMPUTING NET LOSS PER SHARE - basic and diluted	49,234,528	47,658,853

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	47,061,936	$ 5	$ 15,961	$ (15,832)	$ 134
CHANGES DURING 2009:					
Net loss				(2,724)	(2,724)
Exercise of options by employees	458,722	*	*		*
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	817,722	*	965		965
BALANCE AT DECEMBER 31, 2009	48,338,380	5	17,212	(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	1,525,421	*	1,781		1,781
BALANCE AT DECEMBER 31, 2010	49,863,801	$ 5	$ 21,057	$ (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.

INSPIREMD LTD.

NOTES TO 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.

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.”

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Company’s revenue arrangements may contain delivery of free products upon the achievement of sales targets. When free products are delivered in a different period than the related products that were fully paid by the distributor, the Company allocates revenue between the free products and the fully paid products based on the quantities of the free products and the fully paid products. Each period end, the Company estimates the amount of free products these certain distributors will be entitled to upon the expected achievement of sales targets and allocates revenue accordingly.

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.

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 9,502,111 and 5,877,388 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 June 13, 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.

INSPIREMD LTD.

NOTES TO THE 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.

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – CONVERTIBLE LOAN AND REVERSE MERGER AGREEMENTS

At the beginning of 2010, the Company started a process of undergoing a Share Exchange 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 1,014,513 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 $1.23 per warrant.
- Expiration term of 3 years.
- In the event the company has not completed a Share Exchange 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.

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – CONVERTIBLE LOAN AND REVERSE MERGER AGREEMENTS (continued):

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 Share Exchange 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 agreed upon the closing of the transaction on March 31, 2011 was 8.1161 shares of the shell for every Company's share.

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 Share Exchange 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) $1.48; or b) at a discount of 30% on the price per share in such qualified financing.

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - 2008 CONVERTIBLE LOAN (continued):

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) $1.48; 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.

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 by the bank, pursuant to its loan agreement, to grant a fixed lien to the bank in the amount of $300 thousands that would replace the $250 thousands of restricted cash. The bank effectuated the transaction in January 2011.

On February 2009 the Company received the first loan and according to the loan agreement issued 234,814 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 234,814 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 234,814 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

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 aconsultancy 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

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - COMMITMENTS AND CONTINGENT LIABILITIES (continued):

c. Litigation:

1) The Company is a party to various claims arising in the ordinary course of the Company's operations in the aggregate amount of approximately $20,000. The Company has not recorded an expense related to damages in connection with these matters because management, after consultation with its legal counsel, is of the opinion a loss to the Company is neither probable nor estimable.

2) 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). As of December 31, 2010 the Company has not recorded an expense related to damages in connection with these matters because as of March 31, 2011, the release date of these financial statements management, based upon the opinion of its legal counsel, is in the opinion that any potential loss is not currently probable. On April 11, 2011, the Company received a court ruling directing the Company to pay the service provider an amount of $105,000. The Company has recorded a provision of $105,000 in the financial statements in 2011. In June 2011 a settlement was reached between the parties in which the Company will pay $96 thousands and grant 18,785 shares of the Shell.

3) 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. In March 2010 a settlement was reached between the parties in which he Company will pay $60 thousands and grant 30,435 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.

4) In November 2010, a former senior employee submitted a claim against the Company in the total amount of $430,000 and options to purchase 2,029,025 shares of the Company at an exercise price of $0.001 per share in the Magistrate's Court in Tel Aviv, claiming unpaid back wages and commissions. The fair value of those options was valued using the Black-Scholes valuation model at $2.5 million as of the period he claimed to be entitled to the options. The Company, based upon the opinion of its legal counsel, has recorded a provision of $20,000 in the financial statements in 2009.

5) A former alleged founder and legal advisor of the Company submitted a claim against the Company for options to purchase 496,056 shares of the Company at an exercise price of $ 0.001 per share in the Magistrate's Court in Tel Aviv. The fair value of those options was valued using the Black-Scholes valuation model at $134,000 as of the grant date. The Company , based upon the opinion of its legal counsel , has recorded a share-based compensation expense of $134,000 recorded in the year ended December 31, 2006, in respect of services allegedly provided in 2005 and 2006.

6) 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 recorded in the year ended December 31, 2006.

7) In February 2011, representatives of a third party indicated that they intended to seek damages from the Company in connection with certain finders' fees that they claimed were owed to them. The claimants' demand was for approximately $1 million. The claimants' most recent demand, conveyed in April 2011, was for a total of $250,000 in cash and 250,000 shares of the Company common stock. To date, no lawsuit has been filed and the Company has not accrued an expense in connection with this matter because management believes a loss to the Company is neither probable nor estimable.

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2,434,830 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 USD 0.0001 par value of the Shell. 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 2,434,830 in the number of ordinary shares reserved for purpose of grants under the Company's share option plans.

d. In 2007, the Company's board of directors approved an additional increase of 4,869,660 in the number of ordinary shares reserved for purpose of grants under the Company's share option plans.

As of December 31, 2010 the Company's board of directors approved the grant of additional 610,347 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 9,739,320 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	5,797,338	$ 0.36	5,829,308	$ 0.28
Granted	2,864,983	0.84	585,017	0.96
Forfeited	(462,618)	0.65	(158,264)	0.85
Exercised during the period	–	–	(458,722)	–
Outstanding - end of year	8,199,703	$ 0.52	5,797,339	$ 0.36
Exercisable at the end of the year	6,840,119	$ 0.51	4,474,073	$ 0.16

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	3,943,125	6.79	3,203,546	3,318,186	7.10	3,206,590
0.1	52,755	7	52,755	52,755	8.00	52,755
1.49	205,013	5.78	205,013	205,013	6.78	205,013
1.53	467,000	5.4	467,000	467,000	6.40	467,000
3.67	108,350	6	108,350	108,350	7.00	108,350
8	584,359	7.25	584,359	584,359	8.25	-
10	2,783,912	8.87	2,165,733	1,006,486	7.49	388,306
12.5	40,581	6.83	40,581	40,581	7.83	40,581
14	14,608	8	12,782	14,609	9.00	5,478
	8,199,703	7.42	6,840,119	5,797,339	7.23	4,474,073

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 $0.82 and $0.96 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 .

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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NOTES TO THE 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.

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 is different 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

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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)
	$ -	$ -

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 the first quarter of 2011 and prior to the Share Exchange, the Company raised approximately $990,000 and issued approximately 803 thousands ordinary shares through private placements.

b. On April 18, 2011, the Company issued 666,667 shares of its common stock and five-year warrants to purchase 333,333 shares of the Company's common stock at an exercise price of $1.80 per share, for an aggregate purchase price of $1,000,000 in a private placement.

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 - SUBSEQUENT EVENTS (continued):

c. On April 18, 2011, the Company issued 283,334 shares of its common stock and five-year term warrants to purchase 141,667 shares of the Company's common stock at an exercise price of $1.80 per share, for an aggregate purchase price of $425,000 in a private placement.

d. In connection with the above-referenced transactions, the Company paid placement agent fees of approximately $471,000 and five-year term warrants to purchase 57,000 shares of the Company common stock at an exercise price of $1.80 per share.

e. On April 21, 2011, the Company issued 33,333 shares of its common stock, and five-year term warrants to purchase 16,667 shares of the Company's common stock at an exercise price of $1.80 per share, for an aggregate purchase price of $50,000 in a private placement.

f. Subsequent to December 31, 2010 Company's board of directors approved the issuance of approximately 156 thousands common stocks and five-year term warrants to purchase approximately 60 thousands shares of the Shell's common stock at an exercise price of $1.80 per share.

g. Subsequent to December 31, 2010 the Company granted approximately 2.8 million of stock options to employees and consultants at a cash exercise price from $1.23 to $2.75 per share. The options had terms of four to ten years.

h. 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. Shell's shares at $1.23 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.

Subsequent to the consummation of the Share Exchange on June 1, 2011, the Lender converted the loan in the amount of $100 thousands into 81,161 shares of the Shell's common stock (included in 156 thousands common stock mentioned in 15(f) above) .

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 - SUBSEQUENT EVENTS (continued):

i. 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 December 31,2010 the company, based on advice from its legal counsel, due to the early stage, was not able to assess the lawsuit outcome. As of March 31, 2011 the Company still was not able to assess the outcome of this lawsuit. No provision for this matter has been included in the accounts, as of December 31, 2010. As of May 15, 2011 due to the recent developments at that claim the Company, based upon the opinion of its legal counsel, has recorded a provision of $327 thousands in the financial statements in 2011. The related expense has been recorded to "General and administrative" within the Condensed Consolidated Statements of Operatio

j. During March 2011 the company granted a new fixed lien of $40 thousands to bank Mizrahi.

k. 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 6,242,754 ordinary 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.

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.

INSPIREMD LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 - SUBSEQUENT EVENTS (continued):

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. Accordingly, while the exchange ratio was only effected on March 31, 2011, these consolidated financial statements have been retrospectively adjusted to give effect to the reverse recapitalization and giving effect to the 8.1161 share exchange ratio. The shares, per share, share options and warrants information included herein have been revised for this exchange ratio.

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 exercise price of $1.80 per share, with terms identical to the warrants issued to investors in the Private Placement.

In connection with the Share Exchange, the shell issued to certain consultants in consideration for consulting services five-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.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

INSPIREMD, INC.
(FORMERLY SAGUARO RESOURCES, INC.)
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(U.S. dollars in thousands)

	June 30, 2011	December 31, 2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 8,070	$ 636
Restricted cash	343	250
Accounts receivable:		
Trade	614	852
Other	185	75
Prepaid expenses	71	3
Inventory:		
On hand	1,471	1,704
On consignment	82	371
Total current assets	10,836	3,891
PROPERTY, PLANT AND EQUIPMENT , net of accumulated depreciation and amortization	304	282
OTHER NON-CURRENT ASSETS:		
Deferred debt issuance costs	8	15
Funds in respect of employees rights upon retirement	195	167
Total other non-current assets	203	182
Total assets	$ 11,343	$ 4,355
LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)		
CURRENT LIABILITIES:		
Current maturities of long-term loans	$ 268	$ 355
Accounts payable and accruals :		
Trade	763	1,103
Other	2, 344	1,509
Advanced payment from customers	544	559
Loans from shareholders		20
Deferred revenues		398
Total current liabilities	3,919	3,944
LONG-TERM LIABILITIES:		
Long term loan		75
Liability for employees rights upon retirement	264	206
Convertible loan		1,044
Total long-term liabilities	264	1,325
COMMITMENTS AND CONTINGENT LIABILITIES (note 9)		
Total liabilities	4,183	5,269
EQUITY (CAPITAL DEFICIENCY) :		
Common stock, par value $0.0001 per share; 125,000,000 shares authorized; 64,185,161 shares issued and outstanding at June 30, 2011 and 49,863,801 shares issued and outstanding at December 31, 2010	6	5
Additional paid-in capital	33,279	21,057
Accumulated deficit	(26,125)	(21,976)
Total equity (capital deficiency)	7,160	(914)
Total liabilities and equity (capital deficiency)	$ 11,343	$ 4,355

The accompanying notes are an integral part of the consolidated financial statements.

INSPIREMD, INC.
(FORMERLY SAGUARO RESOURCES, INC.)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(U.S. dollars in thousands, except per share data)

	6 months ended June 30		3 months ended June 30		Year ended December 31
	2011	2010	2011	2010	2010
REVENUES	$ 2,726	$ 3,005	$ 1,040	$ 908	$ 4,949
COST OF REVENUES	1,539	1,816	640	479	2,696
GROSS PROFIT	1,187	1,189	400	429	2,253
OPERATING EXPENSES:					
Research and development	1,093	773	750	372	1,338
Selling and marketing	1,045	637	617	304	1,236
General and administrative	2,391	1,112	1,205	442	2,898
Total operating expenses	4,529	2,522	2,572	1,118	5,472
LOSS FROM OPERATIONS	(3,342)	(1,333)	(2,172)	(689)	(3,219)
FINANCIAL EXPENSES (INCOME), net	787	29	72	(41)	154
LOSS BEFORE TAX EXPENSES	(4,129)	(1,362)	(2,244)	(648)	(3,373)
TAX EXPENSES	20	30	10	15	47
NET LOSS	$ (4,149)	$ (1,392)	$ (2,254)	$ (663)	$ (3,420)
NET LOSS PER SHARE - basic and diluted	$ (0.07)	$ (0.03)	$ (0.04)	$ (0.01)	$ (0.07)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED IN COMPUTING NET LOSS PER SHARE - basic and diluted	57,312,945	48,860,557	63,934,260	49,113,463	49,234,528

The accompanying notes are an integral part of the consolidated financial statements.

INSPIREMD, INC.
(FORMERLY SAGUARO RESOURCES, INC.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)
(Unaudited)
(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, 2011	49,863,801	$ 5	$ 21,057	$ (21,976)	$ (914)
CHANGES DURING 6 MONTHS OF 2011:					
Net loss				(4,149)	(4,149)
Employee and non-employee share-based compensation			2,996		2,996
Issuance of ordinary shares, net of $185 issuance costs	802,866	*	805		805
Issuance of ordinary shares and warrants, net of $2,835 issuance costs.	12,992,269	1	7,653		7,654
Conversion of convertible loans	526,225	*	768		768
BALANCE AT JUNE 30, 2011	64,185,161	$ 6	$ 33,279	$ (26,125)	$ 7,160
BALANCE AT JANUARY 1, 2010	48,338,380	$ 5	$ 17,212	$ (18, 556)	$ (1, 339)
CHANGES DURING 6 MONTHS OF 2010:					
Net loss				(1,392)	(1,392)
Employee and non-employee share-based compensation			690		690
Issuance of ordinary shares, net of $25 issuance costs	1,152,080	*	1,394		1,394
BALANCE AT JUNE 30, 2010	49,490,460	$ 5	19,296	$ (19,948)	$ (647)
BALANCE AT JANUARY 1, 2010	48,338,380	$ 5	$ 17,212	$ (18, 556)	$ (1, 339)
CHANGES DURING 2010:					
Net loss				(3,420)	(3,420)
Employee and non-employee share-based compensation			1,640		1,640
Issuance of warrants, net of $23 issuance costs			424		424
Issuance of ordinary shares, net of $97 issuance costs	1,525,421	*	1,781		1,781
BALANCE AT DECEMBER 31, 2010	49,863,801	$ 5	$ 21,057	$ (21,976)	$ (914)

***** Represents an amount less than $1,000

The accompanying notes are an integral part of the consolidated financial statements.

INSPIREMD, INC.
(FORMERLY SAGUARO RESOURCES, INC.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(U.S. dollars in thousands)

	6 months ended June 30		Year ended December 31
	2011	2010	2010
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (4,149)	$ (1,392)	$ (3,420)
Adjustments required to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization of property, plant and equipment	38	49	91
Loss from sale of property, plant and equipment	15		
Change in liability for employees right upon retirement	70	(12)	42
Financial expenses	648	84	94
Share-based compensation expenses	979	690	1,620
Loss (Gains) on amounts funded in respect of employee rights upon retirement, net	3	1	(11)
Changes in operating asset and liability items:			
Decrease (increase) in prepaid expenses	(68)	(50)	36
Decrease in trade receivables	238	1,251	337
Decrease (increase) in other receivables	(103)	(43)	9
Decrease in inventory on consignment	289	774	722
Decrease (increase) in inventory on hand	233	33	(758)
Increase (decrease) in trade payables	(340)	(377)	196
Decrease in deferred revenues	(398)	(1,671)	(1,577)
Increase (decrease) in other payable and advance payment from customers	759	(561)	(91)
Net cash used in operating activities	(1,786)	(1,224)	(2,710)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease (increase) in restricted cash	(93)	47	52
Purchase of property, plant and equipment	(42)	(48)	(81)
Proceeds from sale of property, plant and equipment	29		
Amounts funded in respect of employee rights uponretirement	(38)	25	(17)
Net cash provided by (used in) investing activities	(144)	24	(46)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of shares and warrants, net of $1,014 issuance costs for the six months ended June 30, 2011, $25 issuance costs for the six months ended June 30, 2010 and $78 issuance costs for the year ended December 31, 2010	10,564	1,314	2,245
Repayment of convertible loan	(1,000)		
Repayment of long term loan	(188)	(94)	(281)
Proceeds from convertible loan at fair value through profit or loss, net of $60 issuance costs			1,073
Repayment of loans from shareholders	(20)		
Net cash provided by financing activities	9,356	1,220	3,037
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	8	(26)	(21)
INCREASE (DECREASE) IN CASH AND CASHEQUIVALENTS	7,434	(6)	260
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	636	376	376
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	$ 8,070	$ 370	$ 636

(*) During the 6 months ended June 30, 2011, convertible loans in the amount of $668 thousand were converted into Company shares.

The accompanying notes are an integral part of the consolidated financial statements.

INSPIREMD, INC.
(FORMERLY SAGUARO RESOURCES, INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - DESCRIPTION OF BUSINESS

InspireMD, Inc., formerly Saguaro Resources, Inc. (the "Company"), a public company, is a Delaware corporation formed on February 29, 2008. On March 28, 2011, the Company changed its name to InspireMD, Inc.

On December 29, 2010, the Company entered into a Share Exchange Agreement (the "Exchange Agreement") by and among the Company and InspireMD Ltd., a limited company incorporated under the laws of the State of Israel in April 2005. Subsequent to the date of execution of the Exchange Agreement, shareholders of InspireMD Ltd., holding 91.7% of InspireMD Ltd.'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 Ltd. to the Company in exchange for 46,471,907 newly issued shares of common stock of the Company (the "Initial Share Exchange"). In addition, the remaining holders of InspireMD Ltd.'s ordinary shares separately transferred all of their ordinary shares of InspireMD Ltd. to the Company, in exchange for an aggregate of 4,194,756 newly issued shares of common stock of the Company (the "Follow Up Share Exchange" and, together with the Initial Share Exchange, the "Share Exchange"). As a result of the Share Exchange, InspireMD Ltd. became a wholly owned subsidiary of the Company.

The Share Exchange is being accounted for as a reverse recapitalization, equivalent to the issuance of stock by InspireMD Ltd., for the net monetary assets of the Company. Accordingly, the historical financial statements of the Company reflect the historical operations and financial statements of InspireMD Ltd.

The Company, together with its subsidiaries, is a medical device company focusing on the development and commercialization of its proprietary stent platform technology, MGuard™. MGuard™ provides embolic protection in stenting procedures by placing a micron mesh sleeve over a stent. The Company's 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). The Company markets its products through distributers in international markets, mainly in Europe and Latin America.

In addition, the Company operates in Germany through its wholly-owned subsidiary InspireMD GmbH, a German limited liability company incorporated in November 2007, where the Company subcontracts the manufacturing of its stents.

The Company believes that it has sufficient cash to continue its operations into 2013. However, depending on the operating results in 2011 and 2012, the Company may need to obtain additional cash in 2013 to continue to fund operations.

NOTE 2 - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements, included in the Company's June 15, 2011 registration statement on form S-1. In the opinion of management, the financial statements reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position and results of operations of the Company. These consolidated financial statements and notes thereto are unaudited and should be read in conjunction with the InspireMD Ltd's audited financial statements for the year ended December 31, 2010. The balance sheet for December 31, 2010 was derived from InspireMD Ltd's audited financial statements for the year ended December 31, 2010. The results of operations for the six months ended June 30, 2011 are not necessarily indicative of results that could be expected for the entire fiscal year.

INSPIREMD, INC.
(FORMERLY SAGUARO RESOURCES, INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
(UNAUDITED)

NOTE 3 - RECENTLY ADOPTED AND ISSUED ACCOUNTING PRONOUNCMENTS

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 adoption of the new guidance did not have a material impact on the Company's consolidated financial statements.

In May 2011, the FASB issued amended guidance and disclosure requirements for fair value measurements. These changes will be effective January 1, 2012 on a prospective basis. Early application is not permitted. These amendments are not expected to have a material impact to the consolidated financial results.

NOTE 4 - FACTORING OF RECEIVABLES

During the six month period ended June 30, 2011, the Company entered into a factoring agreement amounting to $1.2 million with a certain banking institution on a non-recourse basis. The factoring of trade receivables under this agreement is accounted for as a sale. Under the terms of this factoring agreement, the Company transfers ownership of eligible trade receivables without recourse to the banking institution in exchange for cash. Proceeds on the transfer reflect the face value of the account less a discount. The discount, amounting to $12 thousand during the six months period ended June 30, 2011 is recorded to “financial expenses - net” within the Condensed Consolidated Statements of Operations.

The receivables sold pursuant to this factoring agreement are excluded from trade receivables on the Condensed Consolidated Balance Sheets and are reflected as cash provided by operating activities on the Condensed Consolidated Statements of Cash Flows. The banking institution has no recourse to the Company’s assets for failure of debtors to pay when due.

The related commissions on the sales of trade receivables sold under these factoring agreements amounting to $22 thousand were recorded to “financial expenses - net” within the Condensed Consolidated Statements of Operations.

INSPIREMD, INC.
(FORMERLY SAGUARO RESOURCES, INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
(UNAUDITED)

NOTE 5 - CERTAIN TRANSACTIONS:

During the first quarter of 2011 and prior to the Exchange Agreement, InspireMD Ltd. raised approximately $990,000 and issued approximately 803,000 ordinary shares through private placements.

During the first quarter of 2011 and prior to the Exchange Agreement, InspireMD Ltd. granted 600,294 stock options to employees and consultants at a cash exercise price of $1.23 per share. The options had terms of four to ten years.

On January 4, 2011, the Company entered into a convertible loan agreement with its distributer in Israel (the "Lender"), in the amount of $100,000 subject to the following conditions:

- the convertible loan does not bear annual interest;
- in the event of a share exchange or similar transaction, the Lender shall have, at its sole discretion, the option to convert the loan into either (i) shares of the Company's common stock at a price of $1.23 per share ($10 as relates to Inspire MD), or (ii) the Company's product at a price of 400 euro per unit (which represents the market price for the Lender); in the event that the Company does not close a share exchange or similar transaction by June 1, 2011, the Lender shall have the right to extend the loan and its terms for up to an additional 6 months (as noted in Note 1 the Exchange Agreement was closed on March 31, 2011); and
- in no event shall the loan be repaid by the Company.

On June 1, 2011 the lender surrendered $100,000 of the convertible loan in exchange for 81,161 shares of common stock.

On February 20, 2011, the Company 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 result in an immediate tax event for the Company's shareholders, but a deferred tax event, subject to certain conditions as stipulated in the tax pre-ruling. The main condition of the tax pre-ruling is a restriction on the exchanged shares for two years from December 31, 2010 for share holders holding over of 5%.

In March 2011, the Company granted a new fixed lien of $40,000 to Bank Mizrahi.

Pursuant to the Exchange Agreement described in Note 1 above, the Company assumed all of InspireMD Ltd.'s obligations under InspireMD Ltd.'s outstanding stock options. Immediately prior to the Share Exchange, InspireMD Ltd. 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. In addition, 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.

In connection with the closing of the Exchange Agreement, 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"). The number of shares of common stock and warrants issued in connection with the Debt Conversions are included in the aggregate figures for the Private Placement. As a result, the Company received aggregate cash proceeds of $9,013,404 in the Private Placement. In addition, as a result of the Debt Conversions, there was $1,000,000 of unpaid principal outstanding under the Bridge Notes, which was repaid by the Company in May 2011.

INSPIREMD, INC.
(FORMERLY SAGUARO RESOURCES, INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
(UNAUDITED)

NOTE 5 - CERTAIN TRANSACTIONS (continued):

In connection with the Private Placement, the Company paid placement agent fees of approximately $300,000 and issued five-year warrants to purchase 373,740 shares of our common stock at an exercise price of $1.80 per share. The fair value of the warrant is $212,000.

In connection with the Exchange Agreement, the Company also entered into a stock escrow agreement with certain stockholders, pursuant to which these stockholders deposited 1,015,622 shares of common stock held by them into escrow. These shares will be released to the Company for cancellation or surrender to an entity designated by the Company should the Company have $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 shares of the Company's common stock issued to the InspireMD shareholders in connection with the Exchange Agreement 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. 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.

On March 31, 2011, the Company issued certain consultants five-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 in consideration for consulting services relating to the equity raising transaction, which warrants have a fair value of $1,500,000. The expenses related to the issuance of the warrants are recorded as share-based compensation and treated as issuance costs.

On April 18, 2011, the Company issued 666,667 shares of its common stock and five-year warrants to purchase 333,333 shares of the Company's common stock at an exercise price of $1.80 per share, for an aggregate purchase price of $1,000,000 in a private placement.

On April 18, 2011, the Company issued 283,334 shares of its common stock and five-year term warrants to purchase 141,667 shares of the Company's common stock at an exercise price of $1.80 per share, for an aggregate purchase price of $425,000 in a private placement.

In connection with the private placements consummated on April 18, 2011, the Company paid placement agent fees of approximately $471,000 which was recorded as issuance costs and five-year term warrants to purchase 57,000 shares of the Company common stock at an exercise price of $1.80 per share. The fair value of those warrants amounting to $67,000 is estimated using the Black-Scholes valuation model.

INSPIREMD, INC.
(FORMERLY SAGUARO RESOURCES, INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
(UNAUDITED)

NOTE 5 - CERTAIN TRANSACTIONS (continued):

On April 21, 2011, the Company issued 33,333 shares of its common stock, and five-year term warrants to purchase 16,667 shares of the Company's common stock at an exercise price of $1.80 per share, for an aggregate purchase price of $50,000 in a private placement.

During the six months period ended June 30, 2011, the Company entered into investor relations consulting agreements (the "Consulting Agreements") with investor relationship companies (the "Advisors") to provide financial advisory services and other investment banking services. Pursuant to the Consulting Agreements, in addition to monthly fees in a range of $3,000 - $15,000, the Company will issue to the Advisors:

- a one-year warrant to purchase 81,161 shares of common stock of the Company at an exercise price of $1.23 per share, valued at $21,000;
- 50,000 restricted shares of the Company's common stock, valued at $62,000; and a five-year warrant to purchase 50,000 shares of common stock of the Company at an exercise price of $1.50 per share, valued at $30,000.
- 25,000 shares of the Company's common stock, valued at $68,750.

The Company recorded share-based compensation expenses of $181,750 related to these issuances, during the six months period ended June 30, 2011.

During the three months period ended June 30, 2011 the Company granted 1,087,225 stock options to employees and consultants at cash exercise prices of $1.23-$2.75 per share. The options had terms of five years.

NOTE 6 - FAIR VALUE MEASUREMENT:

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.

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NOTE 6 - FAIR VALUE MEASUREMENT (continued):

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.

The Convertible loan was recorded at a fair value of $1,044 as of December 31, 2010, then subsequently remeasured at fair value with the increase in fair value of $624 included in the Consolidated Statements of Operations as of March 31, 2011. This security was measured at fair value on a recurring basis and classified in the "Significant Unobservable inputs (Level 3)" category.

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 7 - INVENTORY ON HAND:

	June 30 2011	December 31, 2010
		($ in thousands)
Finished goods	$ 318	$ 957
Work in process	1,049	573
Raw materials and supplies	104	174
	$ 1,471	$ 1,704

NOTE 8 - RELATED PARTIES TRANSACTIONS

In July 2010, the Company’s board of directors approved new employment agreements for the Company’s President and CEO. The agreements were approved at the Company’s shareholders meeting in March 2011, and are effective from April 1, 2011.

NOTE 9 - COMMITMENT AND CONTINGENT LIABILITIES:

Commitment

In March 2010, the Company entered into a license agreement to use a stent design (“MGuard Prime”). Pursuant to the agreement, the licensor is entitled to receive royalty payments of 7% of net sales outside the United States and, for sales within the United States, royalty payments as follows: 7% of net sales for the first $10,000,000 of net sales and 10% of net sales for net sales exceeding $10,000,000. The Company began manufacturing the MGuard Prime during the last quarter of 2010 and began selling the MGuard Prime in the first quarter of 2011.

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NOTE 9 - COMMITMENTS AND CONTINGENT LIABILITIES (continued):

Litigation

The Company is a party to various claims arising in the ordinary course of its operations in the aggregate amount of $30,000. The Company has not recorded an expense related to damages in connection with these matters because management, after consultation with its legal counsel, is of the opinion that the ultimate resolution of these claims will not result in a loss to the Company.

In March 2009, a service provider submitted a claim against the Company in the amount of $150,000 in the Magistrate's Court in Tel Aviv, claiming a success fee for assistance in locating potential investors and lenders with respect to a loan agreement entered into with a bank. On April 11, 2011, the Company received a court ruling directing the Company to pay the service provider an amount of $105,000. Since both parties had claims against the court ruling, they renegotiated and on June 5, 2011 signed a settlement agreement according to which the Company shall pay $96,000 and shall issue 18,785 common shares. The Company has recorded a provision of $96,000 in the financial statements in 2011 and share based compensation of $51,000. The related expense has been recorded to "General and administrative" within the Condensed Consolidated Statements of Operations.

In November 2010, a former senior employee submitted a claim against the Company in the total amount of $430,000 and options to purchase 2,029,025 shares of the Company at an exercise price of $0.001 per share in the Magistrate's Court in Tel Aviv, claiming unpaid back wages and commissions. The fair value of those options was valued using the Black-Scholes valuation model at $2.5 million as of the period he claimed to be entitled to the options. The Company, based upon the opinion of its legal counsel, has recorded a provision of $20,000 in the financial statements.

In November 2010, an alleged former founder and legal advisor of the Company submitted a claim against the Company for options to purchase 496,056 shares of the Company at an exercise price of $0.001 per share in the Magistrate's Court in Tel Aviv. The fair value of those options was valued using the Black-Scholes valuation model at $178 thousand as of the grant date. The Company, based upon the opinion of its legal counsel, has recorded a share-based compensation expense of $134,000 allocated to the year ended December 31, 2006, in respect of services allegedly provided in 2005 and 2006.

In November 2010, a former legal advisor of the Company submitted a claim against the Company in the amount of $53,000 in the Magistrate's Court in Tel Aviv, claiming a breach of terms of employment. The Company, based upon the opinion of its legal counsel has recorded a provision of $53,000 allocated to the year ended December 31, 2006.

In February 2011, a finder submitted a claim against the Company in the amount of $327,000 in the Magistrate's Court in Tel Aviv, claiming a future success fee and commission for assistance in finding the Company's distributer in Brazil. The Company, based upon the opinion of its legal counsel, has recorded a provision of $327,000 in the financial statements in the first quarter of 2011. The related expense has been recorded to "General and administrative" within the Condensed Consolidated Statements of Operations.

In February 2011, representatives of a third party indicated that they intend to seek damages from the Company in connection with certain finders' fees that they claim are owed to them. The claimants' most recent settlement demand, conveyed in April 2011, was for a total of $250,000 in cash and 250,000 shares of the company common stock. To date no lawsuit has been filed. T he Company has not accrued an expense in connection with this matter as management currently is of the opinion that the resolution of this matter will not result in a loss to the Company .

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NOTE 10 - TAXES ON INCOME

Amendment of the Law for the Encouragement of Capital Investments, 1959

The Law for Encouragement of Capital Investments, 1959 (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 (the "amendment"). The amendment became effective 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. A company may not revoke it election for application of the Amendment.

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. The amendment was "enacted" at the first quarter of 2011 and did not have an impact on the company's consolidated financial statements.

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NOTE 11 - ENTITY WIDE DISCLOSURE

The Company operates in one reportable 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:

	6 months ended June 30		3 months ended June 30		Year ended December 31,
	2011	2010	2011	2010	2010
			($ in thousands)		
Israel	$ 355	$ -	$ 305	$ 37	$ 119
Spain	290	186	146	66	343
Germany	126	39	85	21	150
India	1,083	-	-	-	-
Brazil	108	360	108	360	277
Poland	74	1,446	18	76	1,446
Other	690	974	378	348	2,614
	$ 2,726	$ 3,005	$ 1,040	$ 908	$ 4,949

By principal customers:

	6 months ended June 30		3 months ended June 30		Year ended December 31,
	2011	2010	2011	2010	2010
			($ in thousands)		
Customer A	13%	-	29%	4%	2%
Customer B	11%	6%	14%	7%	7%
Customer C	5%	1%	8%	2%	3%
Customer D	40%	-	-	-	-
Customer E	4%	12%	10%	40%	6%
Customer F	3%	48%	2%	8%	29%

All tangible long lived assets are located in Israel.

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NOTE 12 - SUBSEQUENT EVENTS

On July 11, 2011, the Board appointed a new director with a term expiring at the Company's 2012 annual meeting of stockholders. In connection with his appointment, the director was granted an option to purchase 1,000,000 shares of the Company's common stock ("Common Stock") at an exercise price of $1.50 per share. The option is exercisable from the date of grant and expires on September 30, 2011. In addition, in connection with his appointment, the director was granted an option to purchase 500,000 shares of Common Stock at an exercise price of $2.50 per share, the closing price of the Common Stock on the date of grant, subject to the terms and conditions of the 2011 U.S. Equity Incentive Plan, a sub-plan of the Company's 2011 new Option Plan approved on March 28, 2011 ("2011 Umbrella Option Plan"). This option vests and becomes exercisable in two equal annual installments beginning on the one-year anniversary of the date of grant, provided that in the event that the director is either (i) not reelected as a director at the Company's 2012 annual meeting of stockholders, or (ii) not nominated for reelection as a director at the Company's 2012 annual meeting of stockholders, the option vests and becomes exercisable on the date of the director fails to be reelected or nominated. This option has a term of 10 years from the date of grant. The aggregate fair value of the options granted to the above-mentioned new director is approximately $1,600,000.

On August 5, 2011, the Board appointed a new director, effective as of August 8, 2011. The director was appointed for a term expiring at the Company's 2012 annual meeting of stockholders. The director was granted an option to purchase 100,000 shares of Common Stock at an exercise price of $1.95 per share, the closing price of the Common Stock on the date of grant, subject to the terms and conditions of the 2011 U.S. Equity Incentive Plan, a sub-plan of the Company's 2011 Umbrella Option Plan. The option vests and become exercisable in two equal annual installments beginning on the one-year anniversary of the date of grant and expires ten years from the date of grant. In the event that the director is either (i) not reelected as a director at the Company's 2012 annual meeting of stockholders, or (ii) not nominated for reelection as a director at the Company's 2012 annual meeting of stockholders, the option vests and becomes exercisable on the date of the director's failure to be reelected or nominated.

On August 5, 2011, the Board appointed another new director, effective as of August 8, 2011. The director was appointed for a term expiring at the Company's 2013 annual meeting of stockholders. The director was granted an option to purchase 25,000 shares of Common Stock at an exercise price of $1.95 per share, the closing price of the Common Stock on the date of grant, subject to the 2006 Employee Stock Option Plan, a sub-plan of the Company's 2011 Umbrella Option Plan. The option vests and become exercisable in two equal annual installments beginning on the one-year anniversary of the date of grant and expires ten years from the date of grant. In the event that the director is required to resign from the Board due to medical reasons, the option vests and becomes exercisable on the date of the director's resignation for medical reasons.

In addition, on August 5, 2011, the Board approved the grant of options to purchase 486,966 shares of Common Stock to former directors at a cash exercise price of $1.23 per share. The options replaced comparable options held by the former directors that had expired during the second quarter of 2011. The options had terms of five years.

On July 20, 2011 Mizrahi Tefahot Bank approved the release of the fixed lien in the amount of $300 thousand. Following the approval, $300 thousand of Restricted Cash will be classified as Cash and Cash Equivalents.

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NOTE 12 - SUBSEQUENT EVENTS (continued)

In August 2011, a former senior employee submitted to the Regional Labor Court in Tel Aviv a claim against the Company for (i) a compensation of $118,000; (ii) declaratory ruling that he is entitled to exercise 486,966 options to purchase InspireMD, Inc's shares of common stock at an exercise price of $0.001 per option. After consulting with counsel, the Company is unable to assess the outcome of this claim.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

We are paying all of the selling stockholders' expenses related to this offering, except that the selling stockholders will pay any applicable underwriting discounts and commissions. The fees and expenses payable by us in connection with this Registration Statement are estimated as follows:

SEC Registration Fee	$	126.22
Accounting Fees and Expenses		50,000.00
Legal Fees and Expenses		20,000.00
Miscellaneous Fees and Expenses		9,873.78
Total	$	80,000.00

Item 14. Indemnification of Directors and Officers.

Section 145 of the General Corporation Law of the State of Delaware provides, in general, that a corporation incorporated under the laws of the State of Delaware, as we are, 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 General Corporation Law of the State of Delaware, 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. Any repeal or modification of these provisions approved by our stockholders will be prospective only and will not adversely affect any limitation on the liability of any of our directors or officers 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 General Corporation Law of the State of Delaware would permit indemnification.

Item 15. Recent Sales of Unregistered Securities.

On June 16, 2008, we completed an offering of 2,500,000 shares of our common stock at a price of $0.005 per share to Lynn Briggs, our former president, chief executive officer, chief financial officer, secretary and treasurer. The total amount received from that offering was $12,500. These shares were issued pursuant to Section 4(2) of the Securities At of 1933, as amended, and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering.

On March 31, 2011, pursuant to a share exchange agreement, we issued 46,471,907 shares of common stock to certain shareholders of InspireMD Ltd. in exchange for 91.7% of the issued and outstanding capital stock of InspireMD Ltd. Separately, we issued 4,194,756 shares of common stock to the remaining shareholders of InspireMD Ltd. in exchange for the remaining 8.3% of the issued and outstanding capital stock of InspireMD Ltd. In addition, in connection with the share exchange agreement, we (i) assumed three year warrants to purchase up to 125,000 ordinary shares of InspireMD Ltd. 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 Ltd. 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 above described transactions were not registered under the Securities Act of 1933, as amended, 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 of 1933, as amended, or Section 4(2) and Regulation D (Rule 506) under the Securities Act of 1933, as amended. Each of the shareholders of InspireMD Ltd. who received shares of our common stock in the above described share exchange transactions were either accredited investors (as defined by Rule 501 under the Securities Act of 1933, as amended) or not a "U.S. person" (as that term is defined in Rule 902 of Regulation S) at the time of the share exchange transaction.

On March 31, 2011, we entered into a securities purchase agreement with 30 accredited investors (as defined by Rule 501 under the Securities Act of 1933, as amended), pursuant to which we issued 6,454,002 shares of common stock and five-year warrants to purchase up to 3,226,999 shares of common stock at an exercise price of $1.80 per share for aggregate cash proceeds of $9,013,404 and the cancellation of $667,596 of indebtedness held by investors. The securities sold in this offering were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) and Regulation D (Rule 506) under the Securities Act of 1933, as amended.

On March 31, 2011, upon the consummation of the above described 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 of 1933, as amended, 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 of 1933, as amended, and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering. Palladium Capital Advisors, LLC was an accredited investor (as defined by Rule 501 under the Securities Act of 1933, as amended) at the time of the private placement.

On March 31, 2011, for work performed in connection with the share exchange transactions and as bonus compensation, we issued Craig Shore, our chief financial officer, secretary and treasurer, a five-year warrant to purchase up to 3,000 shares of common stock at an exercise price of $1.80 per share. The warrant was not registered under the Securities Act of 1933, as amended, 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 of 1933, as amended, and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering. Craig Shore was an accredited investor (as defined by Rule 501 under the Securities Act of 1933, as amended) at the time of the issuance of the warrant.

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 Hermitage Capital Management, a consultant. The warrant was not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and was offered and sold in reliance on the exemption from registration afforded by Section 4(2) under the Securities Act of 1933, as amended, and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering.

In consideration for financial consulting services, we issued to The Benchmark Company, LLC, a consultant, a five-year warrant to purchase up to 50,000 shares of common stock at an exercise price of $1.50 per share. The warrant was not registered under the Securities Act of 1933, as amended, 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 of 1933, as amended, and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering.

On March 31, 2011, we issued five-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 of 1933, as amended, 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 of 1933, as amended, and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering. Each of Endicott Management Partners, LLC, The Corbran LLC and David Stefansky was an accredited investor (as defined by Rule 501 under the Securities Act of 1933, as amended) at the time of the issuance of the warrant.

On April 18, 2011, we consummated a private placement with an investor pursuant to which we sold 666,667 shares of our common stock and a five-year warrant to purchase up to 333,333 shares of common stock at an exercise price of $1.80 per share for aggregate cash proceeds of $1,000,000. The securities sold in this offering were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) and Regulation D (Rule 506) under the Securities Act of 1933, as amended. This investor was an accredited investor (as defined by Rule 501 under the Securities Act of 1933, as amended) at the time of the private placement.

On April 18, 2011, we consummated a private placement with 2 accredited investors (as defined by Rule 501 under the Securities Act of 1933, as amended), pursuant to which we sold 283,334 shares of our common stock and a five-year warrant to purchase 141,667 shares of our common stock at an exercise price of $1.80 per share, for aggregate cash proceeds of $425,000. The securities sold in this offering were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) and Regulation D (Rule 506) under the Securities Act of 1933, as amended.

On April 18, 2011, upon the consummation of the above described April 18, 2011 private placements, we issued a five-year warrant to purchase up to 57,000 shares of common stock at an exercise price of $1.80 per share to Palladium Capital Advisors, LLC, our placement agent in the April 18, 2011 private placements. The warrant was not registered under the Securities Act of 1933, as amended, 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 of 1933, as amended, and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering. Palladium Capital Advisors, LLC was an accredited investor (as defined by Rule 501 under the Securities Act of 1933, as amended) at the time of the private placement

On April 21, 2011, we consummated a private placement with Mr. Reinder Hogeboom pursuant to which we sold 33,333 shares of our common stock and a five-year warrant to purchase 16,667 shares of our common stock at an exercise price of $1.80 per share, for aggregate cash proceeds of $50,000. The securities sold in this offering were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Regulation S under the Securities Act of 1933, as amended. Reinder Hogeboom was not a “U.S. person” (as that term is defined in Rule 902 of Regulation S) at the time of the private placement.

Item 16. Exhibits and Financial Statement Schedules.

Exhibit No.	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
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
3.2**	Amended and Restated Bylaws
5.1^	Opinion of Haynes and Boone, LLP.
10.1**	2011 Umbrella Option Plan
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
10.24*****	Securities Purchase Agreement, dated as of April 18, 2011, by and among InspireMD, Inc. and certain purchasers set forth therein
10.25*****	Form of Warrant
10.26+	Agreement by and between InspireMD Ltd. and MeKo Laser Material Processing, dated as of April 15, 2010
10.27+	Agreement by and between InspireMD Ltd. and Natec Medical Ltd, dated as of September 23, 2009
10.28+%	Exclusive Distribution Agreement by and between InspireMD Ltd. and Hand-Prod Sp. Z o.o, dated as of December 10, 2007
10.29+	Factoring Agreement by and between InspireMD Ltd. and Bank Mizrahi Tefahot Ltd., dated as of February 22, 2011
10.30******	$1.50 Nonqualified Stock Option Agreement, dated as of July 11, 2011, by and between InspireMD, Inc. and Sol J. Barer, Ph.D.
10.31******	$2.50 Nonqualified Stock Option Agreement, dated as of July 11, 2011, by and between InspireMD, Inc. and Sol J. Barer, Ph.D.
10.32#	$1.95 Nonqualified Stock Option Agreement, dated as of August 5, 2011, by and between InspireMD, Inc. and Paul Stuka
10.33#	$1.95 Nonqualified Stock Option Agreement, dated as of August 5, 2011, by and between InspireMD, Inc. and Eyal Weinstein
21.1***	List of Subsidiaries.
23.1+	Consent of Kesselman & Kesselman, Certified Public Accountants
23.2^	Consent of Haynes and Boone, LLP (included in Exhibit 5.1).
24.1+	Power of Attorney (included on signature page).

* Incorporated by reference to Saguaro Resources, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on January 5, 2011

** Incorporated by reference to InspireMD, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on April 1, 2011

*** Incorporated by reference to InspireMD, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on April 6, 2011

**** Incorporated by reference to InspireMD, Inc. Current Report on Form 8-K/A filed with the Securities and Exchange Commission on April 14, 2011

***** Incorporated by reference to InspireMD, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on April 22, 2011

****** Incorporated by reference to InspireMD, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on July 15, 2011

Incorporated by reference to InspireMD, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on August 11, 2011

^ To be filed by amendment .

+ Filed herewith

% Confidential treatment has been requested with respect to certain portions of this exhibit.

Item 17. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered that remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability of the undersigned registrant under the Securities Act to any purchaser in the initial distribution of the securities:

The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424 (§ 230.424 of this chapter);

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

For the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A (§ 230.430A of this chapter), shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tel Aviv, State of Israel on August 26, 2011.

By: /s/ Ofir Paz
Name: Ofir Paz
Title: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned officers and directors of InspireMD, Inc., a Delaware corporation that is filing a registration statement on Form S-1 with the Securities and Exchange Commission under the provisions of the Securities Act of 1933, as amended, hereby constitute and appoint Ofir Paz their true and lawful attorney-in-fact and agent, with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to sign any or all amendments to the registration statement, including a prospectus or an amended prospectus therein, and all other documents in connection therewith to be filed with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all interests and purposes as they might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or either of them, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

In accordance with the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/ s/ Ofir Paz Ofir Paz	Chief Executive Officer and Director (principal executive officer)	August 26, 2011
/s/ Asher Holzer Asher Holzer	President and Chairman of the Board of Directors	August 26, 2011
/s/ Craig Shore Craig Shore	Chief Financial Officer, Secretary and Treasurer (principal financial and accounting officer)	August 26, 2011
/s/ Sol Barer Sol Barer	Director	August 26, 2011
/s/ Paul Stuka Paul Stuka	Director	August 26, 2011
/s/ Eyal Weinstein Eyal Weinstein	Director	August 26, 2011

EXHIBIT INDEX

Exhibit No.	**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
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
3.2**	Amended and Restated Bylaws
5.1^	Opinion of Haynes and Boone, LLP.
10.1**	2011 Umbrella Option Plan
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
10.24*****	Securities Purchase Agreement, dated as of April 18, 2011, by and among InspireMD, Inc. and certain purchasers set forth therein
10.25*****	Form of Warrant
10.26+	Agreement by and between InspireMD Ltd. and MeKo Laser Material Processing, dated as of April 15, 2010
10.27+	Agreement by and between InspireMD Ltd. and Natec Medical Ltd, dated as of September 23, 2009
10.28+%	Exclusive Distribution Agreement by and between InspireMD Ltd. and Hand-Prod Sp. Z o.o, dated as of December 10, 2007
10.29+	Factoring Agreement by and between InspireMD Ltd. and Bank Mizrahi Tefahot Ltd., dated as of February 22, 2011
10.30******	$1.50 Nonqualified Stock Option Agreement, dated as of July 11, 2011, by and between InspireMD, Inc. and Sol J. Barer, Ph.D.
10.31******	$2.50 Nonqualified Stock Option Agreement, dated as of July 11, 2011, by and between InspireMD, Inc. and Sol J. Barer, Ph.D.
10.32#	$1.95 Nonqualified Stock Option Agreement, dated as of August 5, 2011, by and between InspireMD, Inc. and Paul Stuka
10.33#	$1.95 Nonqualified Stock Option Agreement, dated as of August 5, 2011, by and between InspireMD, Inc. and Eyal Weinstein
21.1***	List of Subsidiaries.
23.1+	Consent of Kesselman & Kesselman, Certified Public Accountants
23.2^	Consent of Haynes and Boone, LLP (included in Exhibit 5.1).
24.1+	Power of Attorney (included on signature page).

_____

* Incorporated by reference to Saguaro Resources, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on January 5, 2011

** Incorporated by reference to InspireMD, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on April 1, 2011

*** Incorporated by reference to InspireMD, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on April 6, 2011

**** Incorporated by reference to InspireMD, Inc. Current Report on Form 8-K/A filed with the Securities and Exchange Commission on April 14, 2011

***** Incorporated by reference to InspireMD, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on April 22, 2011

****** Incorporated by reference to InspireMD, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on July 15, 2011

Incorporated by reference to InspireMD, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on August 11, 2011

^ To be filed by amendment .

+ Filed herewith

% Confidential treatment has been requested with respect to certain portions of this exhibit.

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: /s/ Ofir Paz
Name: Ofir Paz
Title: Chief Executive Officer

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: _____

COMPANY DISCLOSURE SCHEDULE

in connection with the

SECURITIES PURCHASE AGREEMENT

dated as of

March 31, 2011

by and among

INSPIREMD, INC.

and

THE PURCHASERS LISTED ON THE SIGNATURE PAGES ATTACHED THERETO

No disclosure of any item in these Schedules shall be construed as an admission that such item is material. These Schedules are intended to limit and not expand the scope of the representations, warranties and covenants contained in the Agreement. Information contained in these Schedules is not necessarily limited to the information required to be reflected in this Schedule and such additional information is included for informational purposes only. Disclosure of any item in any section of these Schedules shall be deemed disclosure with respect to all applicable sections provided it is reasonably apparent on its face that the disclosure is responsive to the representation to which such other section relates.

SCHEDULE 3.1(a)

SUBSIDIARIES

InspireMD Ltd.

InspireMD GmbH

SCHEDULE 3.1(g)

CAPITALIZATION

Capitalization

The authorized capital stock of the Company consists of (i) 5,000,000 shares of preferred stock, of which no shares are issued and outstanding; (ii) 125,000,000 shares of Common Stock, of which (A) 50,666,000 shares are issued and outstanding; (B) 15% the amount of Common Stock outstanding immediately following the Closing are reserved for issuance pursuant to the Stock Option Plan, including 6,795,584 shares issuable pursuant to outstanding awards under the Stock Option Plan; (C) 811,186 shares reserved for issuance pursuant to stock options issued outside of the Stock Option Plan and (D) 3,514,500 shares reserved for issuance pursuant to outstanding warrants.

Recently Issued Stock Options

Since September 30, 2010, InspireMD Ltd. issued the following stock options:

- 365,220 options at an exercise price of $1.23 per share to an employee.
- 43,891 options at an exercise price of $1.23 per share to several intermediaries.
- 2,435 options at an exercise price of $0.45 per share to an intermediary.
- 9,674 options at an exercise price of 0.001 NIS per share to a law firm in exchange of legal services (instead of cash payment).

Commitments to Grant Options

We have agreed to make the following option grants in the future:

(a) To five customers, subject to the achievement of certain sales targets in 2011.

Name	No. of Options	Exercise Price	Vesting Schedule
Angiocor	81,160-162,320	1.23	Fully vested on grant
Kardia	40,580-81,160	1.23	Fully vested on grant
Levbeth Medical	29,218-77,914	1.23	Fully vested on grant
Nabiqasim Industries	81,160-162,320	1.23	Fully vested on grant
Medista G. Stavrakakis	40,580-81,160	1.23	Fully vested on grant
Total	272,698-564,874		

(b) To several persons, which options have not yet received board approval

Name	No. of Options	Exercise Price	Vesting Schedule
Ron Ofek	18,261	1.23	Fully vested on grant
Gilad Goldenberg	24,348	1.23	Fully vested on grant
Elias Sanksteliskis	18,261	1.23	Fully vested on grant
Eyal Weinstein	81,160	1.23	Fully vested on 7/28/11
Moti Mor	81,160	1.23	Fully vested on 7/28/11
Michey Olsher	40,580	1.23	Over three years
Bruno Vandelanotte	81,160	1.23	Over three years
Total	344,930		

(c) To several persons, which options were approved by the board but not signed by the beneficiary:

Name	No. of Options	Exercise Price	Vesting Schedule
Hand Prod	48,696	1.23	Fully vested on grant
Adam Witkovski	8,116	1.23	Fully vested on grant
Robert Gil	8,116	1.23	Fully vested on grant
Raul Rosental	16,232	1.23	½ on grant, ½ over 8 quarters
Dr. Mirkin	24,348	1.23	Over three years
Karfi Leibovich Lawyers	19,356	0.003	Fully vested on grant
Total	124,864		

Others Commitments

On July 22, 2010, InspireMD Ltd. issued convertible debentures in the aggregate principal amount of $1,580,000 that accrue interest at a rate of 8% per annum (the " Debentures "). The principal and interest under the Debentures accrue interest at an annual rate of 8% and are convertible into shares of Common Stock at a conversion price of $1.50. As of February 28, 2011, there was $1,658,000 of principal and interest outstanding under the Debentures which was convertible into 1,105,333 shares of Common Stock.

On January 4, 2011, InspireMD Ltd. entered into a loan agreement with a customer, pursuant to which InspireMD Ltd. received $100,000. This loan is convertible into 81,160 shares of Common Stock at the customer's option.

The Company is obligated to issue up to 152,175 shares of Common Stock and options to purchase up to 19,357 shares of Common Stock, with an exercise price of $0.003 per share, to Karfi Leibovich Lawyers, in consideration of such firm's representation of InspireMD Ltd. in connection with the lawsuits regarding Eftan Consulting and Investments Ltd. and Eric Ben-Mayor in the event of a favorable outcome to the Company. See Schedule 3.1(j).

Affiliate Stock Holdings

See Super 8-K.

Stock Option Plan Description

See Super 8-K.

SCHEDULE 3.1(i)

MATERIAL CHANGES; UNDISCLOSED EVENTS, LIABILITIES OR DEVELOPMENTS

On July 22, 2010, InspireMD Ltd. issued the Debentures.

InspireMD Ltd. has submitted two applications for relief to the Israel Security Authority (the " ISA "):

- According to Section 15 to the Israeli Security Law 1968 (the " ISL "), an offer or sale of securities to more than 35 parties during any 12 month period requires a filing of a prospectus to the ISA and delivery thereof to any purchasers. Since InspireMD Ltd. has more than 35 securities holders, the issuance of the Company's securities to them as part of the Share Exchange transaction requires the filing of prospectus to ISA, as aforesaid. The Company has filed an application with the ISA for exemption from the requirement to file a prospectus with the ISA as aforesaid. On March 24, 2011, the ISA provided the Company with an oral approval to such application.

- As noted above, Section 15 to the ISL requires the filing of a prospectus with 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. InspireMD Ltd. has allegedly issued its securities to more than 35 investors during certain 12-month periods, ending in October 2008. InspireMD Ltd. has 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. The purchasers in such securities sales have no right to rescission of their purchasers, or other such refund.

InspireMD Ltd. has made the following equity issuances to directors and officers since its last audited financial statement as of December 31, 2009:

- 3 directors were issued 405,800 options at an exercise price of $1.23 per share. Those stock options are disclosed within the figures set forth in Schedule 3.1 (g).

- InspireMD Ltd. committed to issue to one additional director and the former chairman of the internal audit committee 162,320 stock options at an exercise price of $1.23 per share. Those stock options already appear as a commitment in Schedule 3.1(g).

InspireMD Ltd. issued 1,460,880 stock options to 3 officers at an exercise price of $0.0004 - $1.23 per share. These stock options are included in the disclosure set forth in Schedule 3.1(g).

SCHEDULE 3.1(j)

LITIGATION

1. See Schedule 3.1(i).

2 De-Kalo Ben Yehuda and Associates Ltd .

Court of Agency: Magistrate Court in Tel Aviv

Date Instituted: March 24, 2009

Principal Parties: InspireMD Ltd. and De-Kalo Ben Yehuda and Associates Ltd.

Description: A broker has made a claim alleging entitlement to a finder's fee in connection with InspireMD Ltd. receiving a loan from Mizrahi Bank

Relief Sought: 578,996 NIS.

3. Eric Ben Mayor

Court of Agency: Regional Labor Court in Tel Aviv

Date Instituted: Nov 2, 2010

Principal Parties: Eric Ben Mayor vs. InspireMD Ltd., InspireMD GmbH, Ofir Paz(personally) and Dr. Asher Holzer (personally)

Description: A former senior employee is claiming improper termination of employment and that InspireMD Ltd. owes him money for due salary and pension fund payments, vacation pay, sick days, severance pay, additional prior notice payment, commission for revenues and other types of funds received by InspireMD Ltd.

Relief Sought: 1,476,027 NIS plus compensation for holding back wages and options to purchase 2,029,000 shares of Common Stock at an exercise price of $0.001.

4. Eftan Consulting and Investments Ltd .

Court of Agency: District Court in Tel Aviv

Date Instituted: November 3, 2010

Principal Parties: Eftan Consulting and Investments Ltd. and InspireMD Ltd.

Description: A former legal counsel of InspireMD Ltd. has alleged that according to an agreement between his wholly owned company and InspireMD Ltd. dated April 1, 2005, he is entitled to the amount of options as set forth below.

Relief Sought: Options to purchase 496,050 shares of Common Stock at an exercise price of 0.001 NIS. 371,981 of those stock options are currently set forth in Schedule 3.1(g).

5. Eytan Keit

Court of Agency: Regional Labor Court in Tel Aviv

Date Instituted: Nov. 8, 2010

Principal Parties: Eytan Keit vs. InspireMD Ltd.

Description: A former legal advisor is claiming breach of employment promise made to him in July 2005

Relief Sought: 204,507 NIS.

6. Ezra Berger and Mandarin Ltd .

Court of Agency: Magistrate Court in Tel Aviv

Date Instituted: July 20, 2010

Principal Parties: Ezra Berger and Mandarin Ltd. vs. InspireMD Ltd.

Description: Ezra Berger and Mandarin Ltd. allegedly financed a shipment of InspireMD Ltd's stents to a distributor in Thailand. The distributor returned 41 stents of the stents to InspireMD Ltd. and the plaintiffs are now seeking reimbursement for these stents despite there being a no return policy in the distribution agreement.

Relief Sought: 81,900 NIS.

7. MicroBank LLC & James D. Burchetta

Court of Agency: N/A

Date Instituted : June 25, 2010 - threat of legal action

Principal Parties: MicroBank LLC vs. InspireMD Ltd.

Description: MicroBank LLC and James D. Burchetta claims that InspireMD Ltd. owes them a finder's fee in connection with the sale of the Debentures and the Offering due to their claim to having introduced InspireMD Ltd. to Palladium Capital Advisors.

Relief Sought: $1,000,000 and 9% in equity.

8. Pires & Tarsis

Court of Agency: Magistrate Court in Tel Aviv

Date Instituted: February 10 ,2011

Principal Parties: Pires & Tarsis vs. InspireMD Ltd.

Description: Pires & Tarsis claims that InspireMD Ltd.'s breached a Finder's Fee Agreement between the parties by improperly terminating it. InspireMD Ltd. claims that Pires & Tarsis misled InspireMD Ltd. into believing that Pires & Tarsis initially introduced InspireMD Ltd.'s Brazilian distributor of InspireMD Ltd. As InspireMD Ltd. believe this was not the case, it claims that Pires & Tarsis is not entitled to any future payments related to any sale of InspireMD Ltd's stents to such distributor. InspireMD Ltd. is also seeking the return of $28,800 payment that was paid to Pires & Tarsis by InspireMD Ltd. for the first shipment of InspireMD Ltd.'s stents to such distributor.

Relief Sought: 1,200,000 NIS.

SCHEDULE 3.1(k)

LABOR RELATIONS

See Schedule 3.1(j).

SCHEDULE 3.1(l)

COMPLIANCE

See Schedule 3.1(i).

SCHEDULE 3.1(n)

TITLE TO ASSETS

In connection with its loan agreement with Bank Mizrahi Tefahot Ltd., the Company has granted Bank Mizrahi a lien on a $250,000 cash deposit.

SCHEDULE 3.1(p)

INSURANCE

Neither the Company nor its Subsidiaries have insurance for operational losses and for insurance against inventory theft in Israel.

SCHEDULE 3.1(s)

CERTAIN FEES

As consideration for serving as the Company's placement agent in the Offering, the Company has agreed to pay Palladium Capital Advisors, LLC's a fee equal to 7% of the aggregate purchase price of the Shares and Warrants sold to Purchasers and to issue Palladium Capital Advisors a five-year warrant to purchase 6% of the number of shares of 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 Offering.

SCHEDULE 3.1(aa)

SOLVENCY

As of February 28, 2011, InspireMD Ltd. had the following liabilities for borrowed money or amounts in excess of $100,000:

- Loan from Bank Mizrahi Tefahot Ltd. in the amount of $375,000
- Advanced payments from customers in the amount of $350,000
- Employee retirement payment obligations in the amount of $150,000
- Debentures in the amount of $1,655,000
- Employees rights, institutions, provisions, taxes and others in the amount of $700,000
- Expenses payable in the amount of $415,000

SCHEDULE 3.1(ee)

ACCOUNTANTS

The Company's accounting firm is Kesselman & Kesselman, Certified Public Accountants, a member of PricewaterhouseCoopers International Limited.

SCHEDULE 3.1(ff)

NO DISAGREEMENTS WITH ACCOUNTANTS AND LAWYERS

InspireMD Ltd. is currently disputing 188,000 NIS, including VAT, in legal fees to Goldfarb, Levy, Eran, Meiri, Tzafrir & Co., previous legal advisors of InspireMD Ltd. The dispute regarding such fees has been pending since June 2010.

SCHEDULE 3.1(jj)

STOCK OPTION PLANS

See Schedule 3.1(g).

SCHEDULE 4.6

USE OF PROCEEDS

The Company plans to use the net proceeds from the Offering for pursuing its current research and development programs, clinical trials, regulatory approvals, sales and marketing of its products, manufacturing capabilities, working capital and other general corporate purposes.

Specifically, the Company shall set aside, reserve and use a portion of the net proceeds from the Offering solely for purposes of funding and completing the Harvard Trials and obtain the FDA Approvals. The amount of the net proceeds set aside, reserved and specifically allocated to this use is based on the net proceeds raised and is determined as set forth in the following table:

Total Amount Raised in Offering	Net Proceeds Used for Harvard Trials and FDA Approvals
$9,000,000 or less	$3,400,000
$9,000,000 – $10,000,000	$4,000,000
$10,000,000 – $11,000,000	$4,600,000
$11,000,000 – $12,000,000	$5,200,000
$12,000,000 – $13,000,000	$5,800,000
$13,000,000 – $14,000,000	$6,400,000
$14,000,000 – $15,000,000	$6,800,000
$15,000,000	$7,500,000

SCHEDULE 4.10

SUBSEQUENT EQUITY SALES AND ISSUANCES

See Schedule 3.1(g).

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: /s/ Ofir Paz
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: _____

DISCLOSURE SCHEDULE

This Disclosure Schedule is provided pursuant to that certain Securities Purchase Agreement by and among InspireMD Ltd., an Israeli company (the " **Company** ") and each of the Purchasers identified on the signature pages thereto (the " **Agreement** "). Any information disclosed herein under the heading of a particular section or subsection of the Agreement shall constitute an exception and/or disclosure for purposes of each other section of the Disclosure Schedule, where the disclosure and the relevance of such disclosure would be reasonably apparent from the disclosure in the first section. To the extent that any representation or warranty contained in the Agreement is limited or qualified by the materiality of the matters to which the representation or warranty is given, the inclusion of any matter in this Disclosure Schedule does not constitute a determination by the Company that such matters are material, nor in such cases where a representation or warranty is limited or qualified by the materiality of the matters to which the representation or warranty is given shall the disclosure of any matter in this Disclosure Schedule imply that any other undisclosed matter having a greater value or other significance is material. The inclusion in this Disclosure Schedule of any matter or document shall not imply any representation, warranty or undertaking not expressly given in the Agreement nor shall such disclosure be taken as extending the scope of any of the warranties or representations beyond the extension (if any) attributable to the nature of the reference to the Disclosure Schedule in the relevant section of the Agreement. Nothing in this Disclosure Schedule constitutes an admission towards third parties of liability, or an obligation of the Company to any third party, or an admission towards third parties against the Company or the interest of the Company. Terms used herein, unless otherwise defined herein, shall have the meaning ascribed to them in the Agreement.

Schedule 3.1(a)

- InspireMD GMBH a limited liability private company formed under the laws of Germany.

Schedule 3.1(d)

None

Schedule 3.1(g)

Capitalization Table

	Shares		Cash $		Price per Share
Seed	3,059,940	$	0		
Common 1st	770,280	$	1,121,659	$	1.44
Common 2nd	1,194,691	$	3,505,009	$	2.93
Common 3rd	252,720	$	926,030	$	3.67
Common 4th	720,853	$	6,919,205	$	10.00
Exercised Options	68,270	$	146		
Stock Options	600,931	$	0		
ESOP	344,500	$	0		
Total all rounds	7,012,185	$	12,472,049		

Additional shares and stock options that doesn't appear in the table above:

1. We have already received 200,000 USD investments for which 20,000 ordinary shares will be issued at the next BOD meeting.

2. We are about to receive 510,000 USD in the next week and therefore 51,000 ordinary shares will be issued at the next BOD meeting. $10 per share.

3. The BOD and the general meeting of the company already approved the grant of 60,000 stock options to 3 directors that are not employed by the company, at an exercise price of 10 USD per share.

4. The BOD is going to confirm additional stock option grants to several finders, that helped raising funds at the previous rounds, at the following conditions:

    - 2,000 Stock options, exercise price of 0.01 USD per option.
    - 300 Stock options, exercise price of 3.67 USD per option.
    - 1,674 Stock options, exercise price of 10 USD per option.

5. The BOD is going to confirm 6,000 stock option grants, at an exercise price of 10 USD per share, subject to stock option plan according to an agreement that was signed on the 20 th of June, 2010 with our Polish distributer.

6. A former business and legal consultant claims for 45,833 stock options due to an agreement as of 1/4/2005. Exercise price of such options is in dispute between the Company and such party.

7. A former senior employee who was discharged from the Company claims, among other things, for the grant of 250,000 stock options at an exercise price of NIS0.01. The Company rejects all the employee's claims.

Schedule 3.1(h)

Company Financial Statements

INSPIRE M.D. LTD

FINANCIAL STATEMENTS Unaudited

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2009

TABLE OF CONTENTS

Balance Sheets

	December 31	
	2009	2008
	NIS in thousands	
Current assets :		
Cash and cash equivalents	1,448	5,919
Short term investments	150	
Accounts receivable:		
Trade	1,262	773
Other	401	272
Inventory*	2,830	2,494
	6,091	91458
Non - Current assets:		
Long term investments	944	
Investment in Subsidiary	3,702	212
Fixed assets, net	1,191	1,427
	5,837	1,639
	11,928	11,097

Balance Sheets

	December 31	
	2009	2008
	NIS in thousands	
Current Liabilities		
Short term credit from banks	1,062	
Convertible loan		2,926
Accounts payable and accruals:		
Trade	3,295	1,235
Other	9,078	6,146
	13,435	10,307
Non Current Liabilities		
Loan from bank	2,093	
Liabilities for employees benefits, net	99	139
Loans from shareholders	587	125
Contingent liabilities	400	
	3,179	264
Shareholders' Equity**		
Share Capital	60	58
Premium	55,705	53,030
Receivables in accounts of shares		
Accumulated deficit	(60,451)	(52,562)
	(4,686)	526
	11,928	11,097

*The company's inventory is based on un-audited numbers. The company expects the numbers to change after resolving issues regarding the inventory, revenue recognition and others.

**The company's equity is based on un-audited numbers, and does not include information regarding stock options grants to employees and consultants.

Statements of operations

	For the year ended December 31	
	2009	2008
	NIS in thousands	
Revenue from sales***	14,054	3,758
Cost of revenue	9,969	6,892
Gross Profit (Loss)	4,085	(3,134)
Research and Development Expenses	4,171	5,382
Selling and Marketing Expenses	4,542	5,963
General And Administrative Expenses	3,752	3,373
Loss from ordinary operations****	8,381	17,852
Financial Expenses, net	452	740
Loss before Taxes	8,833	18,592
Taxes on Income	20	61
Loss after Taxes	8,853	18,653
Subsidiary Profit (Loss)	28	(485)
Loss for the year	8,825	19,138

***The company is still facing issues regarding revenue recognition, after resolving them the numbers for 'revenue from sales' will change.

****The company’s Loss from ordinary operations doesn’t include expenses arising from stock options grants to employees and consultants.

INSPIRE M.D. LTD

FINANCIAL STATEMENTS Unaudited

FOR THE YEARS ENDED DECEMBER 31, 2007 and 2008

TABLE OF CONTENTS

Balance Sheets

	December 31	
	2008	2007
	NIS in thousands	
Current assets :		
Cash and cash equivalents	5,919	7,138
Short term investments		3,123
Cash Enslaved		300
Accounts receivable:		
Trade	773	
Other	272	352
Inventory*	2,494	2,450
	9,458	13,363
Non - Current assets:		
Investment in Subsidiary	212	141
Fixed assets, net	1,427	1,547
	1,639	1,688
	11,097	15,051

Balance Sheets

	December 31	
	2008	2007
	NIS in thousands	
Current Liabilities		
Convertible loan	2,926	
Accounts payable and accruals:		
Trade	1,235	1,577
Other	6,146	1,381
Taxes payable		
	10,307	2,958
Non Current Liabilities		
Liabilities for employees benefits, net	139	62
Loans from shareholders	125	156
	264	218
Shareholders' Equity**		
Share Capital	58	56
Premium	53,030	46,171
Receivables in accounts of shares		(928)
Accumulated deficit	(52,562)	(33,424)
	526	11,875
	11,097	15,051

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* The company's inventory is based on un-audited numbers. The company expects the numbers to change after resolving issues regarding the inventory, revenue recognition and others.

**The company's equity is based on un-audited numbers, and does not include information regarding stock options grants to employees and consultants.

Statements of operations

	For the year ended December 31	
	2008	2007
	NIS in thousands	
Revenue from sales***	3,758	
Cost of revenue	6,892	157
Gross Loss	3,134	157
Research and Development Expenses	5,382	6,587
Selling and Marketing Expenses	5,963	2,939
General and Administrative Expenses	3,373	3,166
Loss from ordinary operations****	17,852	12,849
Financial Expenses, net	740	522
Loss before Taxes	18,592	13,371
Taxes on Income	61	112
Loss after Taxes	18,653	13,483
Subsidiary Loss	485	
Loss for the year	19,138	13,483

***The company is still facing issues regarding revenue recognition, after resolving them the numbers for 'revenue from sales' will change.

****The company’s Loss from ordinary operations doesn’t include expenses arising from stock options grants to employees and consultants.

Schedule 3.1(i)

1. Sara Paz, an employee, has asserted a claim against the Company for approximately $105,000, which she claims is owed to her for services rendered over the past two years. The Company intends to propose resolving this dispute through mediation.

2. Asher Holzer and Ofir Paz are owed an aggregate of $110,000 by the Company for deferred salary over the past 16 months.

3. Goldfarb, Levy, Eran, Meiri, Tzafrir & Co. has sent invoices to the Company for approximately $48,000 for past work. The Company is disputing these fees.

4. Miki Bronfeld brought a claim against the Company in Israel, asserting that the Company failed to pay him certain finder's fees. This claim was recently settled, and the Company has agreed to pay Mr. Bronfeld $20,000.

Schedule 3.1(j)

Legal Proceedings:

1. Finder fee claim at the amount of NIS 579,000 (approximately 150K USD) against the company, initiated on October 1 st , 2009.

2. Claim filed by a previous distributor of the Company for enforcement of a distribution agreement in Israel and temporary injunction order. The Company and the plaintiff have agreed to settle the claim through the grant of 1,000 warrants at $10 per share. Formal settlement agreement has not yet been filed to court.

Threatened Legal Proceedings:

1. A demand letter sent to the Company by a certain individual that financed our customer at Thailand. The customer returned stents for 22,000 USD and received credit note. The party that financed the customer is asking for his money back from the Company. The Company sent his a letter rejecting all his claims since we don't have any agreement or any understanding with him.

2. A Former senior employee of the Company who was discharged from the Company sent to the Company demand letters asking for payment of NIS150,000 for the year 2009, redemption of rights due to employment termination and the grant of 250,000 stock options at an exercise price of NIS 0.01 (see also Section 5 to Schedule 3.1(j)). The Company sent the former employee a letter rejecting all his claims.

3. Microbank LLC – through emails communication with Palladium Capital Advisors LLC to which the Company's managers were CCed, Microbank is claiming that it is entitled to receive finder's fee in relation to the Agreement. Microbank offered to settle its claim for a cash payment of $400,000 once the Company enters into the Agreement and 268,000 cashless exercise warrants at 1.50 per share. The Company sent a letter to Microbank rejecting the claim.

Schedule 3.1(m)

The Company is in the process of receiving a business license from the District Pharmacist. The Company, however, does not believe that the current absence of this business license will result in a Material Adverse Effect.

Schedule 3.1(o)

1. Payment to Palladium Capital Advisors LLC as set forth in Section 5.2 to the Agreement to which this Disclosure Schedule is attached;

2. Microbank LLC – through emails communication with Palladium Capital Advisors LLC to which the Company's managers were CCed, Microbank is claiming that it is entitled to receive finder's fee in relation to the Agreement. Microbank offered to settle its claim for a cash payment of $400,000 once the Company enters into the Agreement and 268,000 cashless exercise warrants at 1.50 per share. The Company sent a letter to Microbank rejecting the claim. Due to the Company's refusal to pay commission to Microbank LLC, Microbank LLC may claim bigger commission from the Company.

Schedule 3.1(q)

Leasing contracts:

- Office rental fees till February 2012 – 228,000 USD

Bank debt:

- Secured Loan from Bank Mizrahi-Tefahot: principal amount of USD 656,000 (7 quarterly payments).

Consultants:

- Sales & Marketing - 105,000 USD
- Management – 152,000 USD

Schedule 3.1(s)

- Secured Loan from Bank Mizrahi-Tefahot: principal amount of USD 656,000 (7 quarterly payments).

EXHIBIT A

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: [at least an aggregate $1,580,000] **$_____,000.00** **Issue Date: July ___, 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 **_____** , maintaining an address at _____, Fax: (___) ___–____ (" **Holder** ") without demand, the sum of **_____** Dollars ($___.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 [at least an aggregate of $1,580,000] $_____,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:

(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.

[rest of this page left intentionally blank]

IN WITNESS WHEREOF , the Borrower has caused this Debenture to be signed in its name by an authorized officer as of the ____ day of July, 2010.

INSPIREMD LTD.

By: _____
Name:
Title:

WITNESS:

_____

EXHIBIT B

ESCROW AGREEMENT

This Agreement is dated as of the __ day of July, 2010 among InspireMD Ltd., a corporation formed under the laws of the State of Israel (the " **Company** "), the purchasers listed on Schedule 1 hereto (" **Purchasers** "), and Grushko & Mittman, P.C. (the " **Escrow Agent** "):

W I T N E S S E T H :

WHEREAS, the Company and Purchasers have entered into a Securities Purchase Agreement calling for the sale by the Company to the Purchasers of convertible Debentures and Warrants for an aggregate purchase price of up to $1,580,000; and

WHEREAS, the parties hereto require the Company to deliver the Debentures and Warrants against payment therefor, with such Debentures and the Escrowed Funds to be delivered to the Escrow Agent, along with the other documents, instruments and payments hereinafter described, to be held in escrow and released by the Escrow Agent in accordance with the terms and conditions of this Agreement; and

WHEREAS, the Escrow Agent is willing to serve as escrow agent pursuant to the terms and conditions of this Agreement;

NOW THEREFORE, the parties agree as follows:

ARTICLE I

INTERPRETATION

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:

- " **Agreement** " means this Agreement and all amendments made hereto and thereto by written agreement between the parties;
- " **Closing Date** " shall have the meaning set forth in Section 1.1 of the Securities Purchase Agreement;
- " **Debenture** " shall have the meaning set forth in Section 1.1 of the Securities Purchase Agreement;
- " **Escrowed Payment** " means an aggregate cash payment of up to $1,580,000;
- " **Iska Contract** " means that certain contract between the Company and the Investing Partner to be entered into with Harborview Master Fund, L.P. and Genesis Asset Opportunity Fund, L.P. of even date in the form annexed hereto as Exhibit A.

- " **Legal Opinion** " means the original signed legal opinion referred to in Section 2.2 of the Securities Purchase Agreement;
- " **Palladium** " shall mean Palladium Capital Advisors LLC;
- " **Palladium Fee** " shall have the meaning set forth in Section 5.2 of the Securities Purchase Agreement;
- " **Principal Amount** " shall mean an aggregate of up to $1,580,000;
- " **Purchaser Legal Fees** " shall have the meaning set forth in Section 5.2 of the Securities Purchase Agreement;
- " **Securities Purchase Agreement** " means the Securities Purchase Agreement (and the exhibits and schedules thereto) entered into or to be entered into by the Company and Purchasers in reference to the sale and purchase of the Debentures and Warrants;
- " **Warrants** " shall have the meaning set forth in Section 1.1 of the Securities Purchase Agreement;
- Collectively, the Legal Opinion, Debentures, Warrants, Iska Contract, Palladium Fee, and Securities Purchase Agreement signed and executed by all signators thereto other than the Purchasers, and Purchaser Legal Fees and are referred to as " **Company Documents** "; and
- Collectively, the Escrowed Payment and the Purchasers executed Securities Purchase Agreement are referred to as " **Purchaser Documents** ."

1.2. Entire Agreement . This Agreement along with the Company Documents and the Purchaser Documents to which the Purchaser and the Company or Subsidiary are a party constitute the entire agreement between the parties hereto pertaining to the Company Documents and Purchaser Documents and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. There are no warranties, representations and other agreements made by the parties in connection with the subject matter hereof, except as specifically set forth in this Agreement, the Company Documents and the Purchaser Documents.

1.3. Extended Meanings . In this Agreement words importing the singular number include the plural and vice versa; words importing the masculine gender include the feminine and neuter genders. The word "person" includes an individual, body corporate, partnership, trustee or trust or unincorporated association, executor, administrator or legal representative.

1.4. Waivers and Amendments . This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by all parties, or, in the case of a waiver, by the party waiving compliance. Except as expressly stated herein, no delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder preclude any other or future exercise of any other right, power or privilege hereunder.

1.5. Headings . The division of this Agreement into articles, sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.6. Law Governing this Agreement . This Agreement shall be governed by and construed in accordance with the laws of the State of New York 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 shall be brought only in the state courts of New York or in the federal courts located in the state of New York. Both parties and the individuals executing this Agreement and other agreements on behalf of the Company agree to submit to the jurisdiction of such courts and waive trial by jury. The prevailing party (which shall be the party which receives an award most closely resembling the remedy or action sought) shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Agreement or any other agreement delivered in connection herewith 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 enforceability of any other provision of any agreement.

1.7. Specific Enforcement, Consent to Jurisdiction . The Company and Purchasers acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injuction or injunctions to prevent or cure breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof or thereof, this being in addition to any other remedy to which any of them may be entitled by law or equity. Subject to Section 1.6 hereof, each of the Company and Purchasers hereby waives, and agrees not to assert in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such court, that the suit, action or proceeding is brought in an inconvenient forum or that the venue of the suit, action or proceeding is improper. Nothing in this Section shall affect or limit any right to serve process in any other manner permitted by law.

ARTICLE II

DELIVERIES TO THE ESCROW AGENT

2.1. Company Deliveries . On or before the Closing Date, the Company shall execute and deliver the Company Documents to the Escrow Agent.

2.2. Purchaser Deliveries. On or before the Closing Date, Purchasers shall execute and deliver the Securities Purchase Agreements, and shall deliver the Escrowed Payment in cash, to the Escrow Agent. The Escrowed Payment will be delivered pursuant to the following wire transfer instructions:

Citibank, N.A.
1155 6 th Avenue
New York, NY 10036
ABA Number: 0210-00089
For Credit to: Grushko & Mittman, IOLA Trust Account
Account Number: 45208884

2.3. Intention to Create Escrow Over Company Documents and Purchaser Documents . The Purchasers and Company intend that the Company Documents and Purchaser Documents shall be held in escrow by the Escrow Agent pursuant to this Agreement for their benefit as set forth herein.

2.4. Escrow Agent to Deliver Company Documents and Purchaser Documents . The Escrow Agent shall hold and release the Company Documents and Purchaser Documents only in accordance with the terms and conditions of this Agreement.

ARTICLE III

RELEASE OF COMPANY DOCUMENTS AND PURCHASER DOCUMENTS

3.1. Release of Escrow . Subject to the provisions of Section 4.2, the Escrow Agent shall release the Company Documents and Purchaser Documents as follows:

(a) On the Closing Date, the Escrow Agent will simultaneously release the Company Documents to the Purchasers and release the Purchaser Documents to the Company, except that:

(i) Purchaser Legal Fees will be released directly to G&M, and

(ii) the Palladium Fee will be released to Palladium.

(b) Notwithstanding the above, upon receipt by the Escrow Agent of joint written instructions (" **Joint Instructions** ") signed by the Company and the Purchasers, it shall deliver the Company Documents and Purchaser Documents in accordance with the terms of the Joint Instructions.

(c) Anything herein to the contrary notwithstanding, upon receipt by the Escrow Agent of a final and non-appealable judgment, order, decree or award of a court of competent jurisdiction (a " **Court Order** "), the Escrow Agent shall deliver the Company Documents and Purchaser Documents in accordance with the Court Order. Any Court Order shall be accompanied by an opinion of counsel for the party presenting the Court Order to the Escrow Agent (which opinion shall be satisfactory to the Escrow Agent) to the effect that the court issuing the Court Order has competent jurisdiction and that the Court Order is final and non-appealable.

3.2. If a Closing does not take place on or before July 30, 2010, the Escrow Agent will promptly return the applicable Company Documents to the Company and return the Purchaser Documents to the Purchaser.

3.3. Acknowledgement of Company and Purchaser; Disputes . The Company and the Purchasers acknowledge that the only terms and conditions upon which the Company Documents and Purchaser Documents are to be released are set forth in Sections 3 and 4 of this Agreement. The Company and the Purchasers reaffirm their agreement to abide by the terms and conditions of this Agreement with respect to the release of the Company Documents and Purchaser Documents. Any dispute with respect to the release of the Company Documents and Purchaser Documents shall be resolved pursuant to Section 4.2 or by agreement between the Company and Purchasers.

ARTICLE IV

CONCERNING THE ESCROW AGENT

4.1. Duties and Responsibilities of the Escrow Agent . The Escrow Agent's duties and responsibilities shall be subject to the following terms and conditions:

(a) The Purchasers and Company acknowledge and agree that the Escrow Agent (i) shall not be responsible for or bound by, and shall not be required to inquire into whether either the Purchasers or Company is entitled to receipt of the Company Documents and Purchaser Documents pursuant to any other agreement or otherwise; (ii) shall be obligated only for the performance of such duties as are specifically assumed by the Escrow Agent pursuant to this Agreement; (iii) may rely on and shall be protected in acting or refraining from acting upon any written notice, instruction, instrument, statement, request or document furnished to it hereunder and believed by the Escrow Agent in good faith to be genuine and to have been signed or presented by the proper person or party, without being required to determine the authenticity or correctness of any fact stated therein or the propriety or validity or the service thereof; (iv) may assume that any person believed by the Escrow Agent in good faith to be authorized to give notice or make any statement or execute any document in connection with the provisions hereof is so authorized; (v) shall not be under any duty to give the property held by Escrow Agent hereunder any greater degree of care than Escrow Agent gives its own similar property; and (vi) may consult counsel satisfactory to Escrow Agent, the opinion of such counsel to be full and complete authorization and protection in respect of any action taken, suffered or omitted by Escrow Agent hereunder in good faith and in accordance with the opinion of such counsel.

(b) The Purchasers and Company acknowledge that the Escrow Agent is acting solely as a stakeholder at their request and that the Escrow Agent shall not be liable for any action taken by Escrow Agent in good faith and believed by Escrow Agent to be authorized or within the rights or powers conferred upon Escrow Agent by this Agreement. The Purchasers and Company, jointly and severally, agree to indemnify and hold harmless the Escrow Agent and any of Escrow Agent's partners, employees, agents and representatives for any action taken or omitted to be taken by Escrow Agent or any of them hereunder, including the fees of outside counsel and other costs and expenses of defending itself against any claim or liability under this Agreement, except in the case of gross negligence or willful misconduct on Escrow Agent's part committed in its capacity as Escrow Agent under this Agreement. The Escrow Agent shall owe a duty only to the Purchasers and Company under this Agreement and to no other person.

(c) The Purchasers and Company jointly and severally agree to reimburse the Escrow Agent for outside counsel fees, to the extent authorized hereunder and incurred in connection with the performance of its duties and responsibilities hereunder.

(d) The Escrow Agent may at any time resign as Escrow Agent hereunder by giving five (5) days prior written notice of resignation to the Purchasers and the Company. Prior to the effective date of the resignation as specified in such notice, the Purchasers and Company will issue to the Escrow Agent a Joint Instruction authorizing delivery of the Company Documents and Purchaser Documents to a substitute Escrow Agent selected by the Purchasers and Company. If no successor Escrow Agent is named by the Purchasers and Company, the Escrow Agent may apply to a court of competent jurisdiction in the State of New York for appointment of a successor Escrow Agent, and to deposit the Company Documents and Purchaser Documents with the clerk of any such court.

(e) Other than in connection with the Purchaser Legal Fees, the Escrow Agent does not have and will not have any interest in the Company Documents and Purchaser Documents, but is serving only as escrow agent, having only possession thereof. The Escrow Agent shall not be liable for any loss resulting from the making or retention of any investment in accordance with this Escrow Agreement.

(f) This Agreement sets forth exclusively the duties of the Escrow Agent with respect to any and all matters pertinent thereto and no implied duties or obligations shall be read into this Agreement.

(g) The Escrow Agent shall be permitted to act as counsel for the Purchasers in any dispute as to the disposition of the Company Documents and Purchaser Documents, in any other dispute between the Purchasers and Company, whether or not the Escrow Agent is then holding the Company Documents and Purchaser Documents and continues to act as the Escrow Agent hereunder.

(h) The provisions of this Section 4.1 shall survive the resignation of the Escrow Agent or the termination of this Agreement.

4.2. Dispute Resolution: Judgments . Resolution of disputes arising under this Agreement shall be subject to the following terms and conditions:

(a) If any dispute shall arise with respect to the delivery, ownership, right of possession or disposition of the Company Documents and Purchaser Documents, or if the Escrow Agent shall in good faith be uncertain as to its duties or rights hereunder, the Escrow Agent shall be authorized, without liability to anyone, to (i) refrain from taking any action other than to continue to hold the Company Documents and Purchaser Documents pending receipt of a Joint Instruction from the Purchasers and Company, or (ii) deposit the Company Documents and Purchaser Documents with any court of competent jurisdiction in the State of New York, in which event the Escrow Agent shall give written notice thereof to the Purchasers and the Company and shall thereupon be relieved and discharged from all further obligations pursuant to this Agreement. The Escrow Agent may, but shall be under no duty to, institute or defend any legal proceedings which relate to the Company Documents and Purchaser Documents. The Escrow Agent shall have the right to retain counsel if it becomes involved in any disagreement, dispute or litigation on account of this Agreement or otherwise determines that it is necessary to consult counsel.

(b) The Escrow Agent is hereby expressly authorized to comply with and obey any Court Order. In case the Escrow Agent obeys or complies with a Court Order, the Escrow Agent shall not be liable to the Purchasers and Company or to any other person, firm, corporation or entity by reason of such compliance.

ARTICLE V

GENERAL MATTERS

5.1. Termination . This escrow shall terminate upon the release of all of the Company Documents and Purchaser Documents or at any time upon the agreement in writing of the Purchasers and Company.

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 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:

(a) If to the Company, to:

InspireMD Ltd.

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.
Fax: (212) 884-8234

(b) If to the Purchasers: to the addresses set forth on Schedule 1

With a copy by facsimile only to:

Grushko & Mittman, P.C.
515 Rockaway Avenue
Valley Stream, New York 11581
Fax: 212-697-3575

(c) If to the Escrow Agent, to:

Grushko & Mittman, P.C.
515 Rockaway Avenue
Valley Stream, New York 11581
Fax: 212-697-3575

or to such other address as any of them shall give to the others by notice made pursuant to this Section 5.2.

5.3. Interest . The Escrowed Payment shall not be held in an interest bearing account nor will interest be payable in connection therewith. In the event the Escrowed Payment is deposited in an interest bearing account, the Purchasers shall be entitled to receive any accrued interest thereon, but only if the Escrow Agent receives from the Purchaser the Purchasers' United States taxpayer identification number and other requested information and forms.

5.4. Assignment; Binding Agreement . Neither this Agreement nor any right or obligation hereunder shall be assignable by any party without the prior written consent of the other parties hereto. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns.

5.5. Invalidity . In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal, or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby, it being intended that all of the rights and privileges of the parties hereto shall be enforceable to the fullest extent permitted by law.

5.6. Counterparts/Execution . This Agreement may be executed in any number of counterparts and by different signatories hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. This Agreement may be executed by facsimile transmission and delivered by facsimile transmission.

5.7. Agreement . Each of the undersigned states that he has read the foregoing Escrow Agreement and understands and agrees to it.

[rest of this page left intentionally blank]

IN WITNESS WHEREOF , the udersigned have executed and delivered this Escrow Agreement, as of the date first written above.

"COMPANY"
INSPIREMD LTD.
an Israel corporation

By: _____

ESCROW AGENT:

GRUSHKO & MITTMAN, P.C.

By: _____
Name:

PURCHASER SIGNATURE PAGE TO
ESCROW AGREEMENT

The undersigned, in its capacity as a Purchaser, hereby executes and delivers the Escrow Agreement to which this signature page is attached and agrees to be bound by the Escrow Agreement on the date set forth on the first page of the Escrow Agreement. This counterpart signature page, together with all counterparts of the Escrow Agreement and signature pages of the other parties named therein, shall constitute one and the same instrument in accordance with the terms of the Escrow Agreement.

Debenture Principal Subscribed for:
$_____

_____
[Print Name of Purchaser]

_____
[Signature]

Telephone No.:_____

Name:_____

Facsimile No:_____

Title:_____

Email Address:_____

Mailing Address:

Tax ID Number:_____

_____

_____

_____
(City, State and Zip)

SCHEDULE 1
(PURCHASERS)

PURCHASER AND ADDRESS	PRINCIPAL AMOUNT OF DEBENTURE	WARRANTS
Arvest Privatbank AG Stefan Kimmel, CEO Churerstrasse 82, PO Box 363 CH 8808, Pfaffikon, Switzerland	$250,000	19,779
Genesis Asset Opportunity Fund LP 61 Paine Avenue New Rochelle, NY 10804	$1,250,000	98,892
Harborview Master Fund, LP 850 3rd Avenue Suite #1801 New York, NY 10022	$80,000	6,329
TOTALS	**$1,580,000**	**125,000**

EXHIBIT C

Term Sheet for InspireMD Inc.

Issuer: A public "shell" company listed on the OTCBB (the " ***Company*** ") with no liabilities or business activities as certified by its independent auditors that subject to the successful closing of the Offering will acquire at least 80% of InspireMD Ltd.'s share capital on a fully diluted basis (" **Inspire** "). In connection with the transactions described below, the Company shall change its name to InspireMD Inc. and obtain a new trading symbol consistent with such name.

Security: Common Stock, par value $.001 per share (the " ***Common Stock*** ")

Issuance Amount: A minimum net cash of $7,500,000 but not exceeding $10,000,000 in the company's bank account at the Closing (defined below) after deductions of all fees and payments to Palladium and HarborviewF and any other third party, including counsel to Inspire and the Company with respect to the Offering, involved or in connection with the Reverse Merger of the Company (the " ***Offering*** "). The Issuance Amount shall not include the $1,500,000 Investment Amount to be lent to the Company under the Bridge Loan Term Sheet between the Company and Harborview of even date, which shall be converted into the Company's Common Stock at the Closing of the Offering.

Price Per Share: $1.50 per share

Warrants: The investors shall receive 100% warrant coverage for the shares of Common Stock issued at the closing of the offering (the " ***Closing*** "), with each investor receiving (a) a four-year warrant to purchase 0.5 of one share of Common Stock at an exercise price of $2.00 per share for each share of Common Stock purchased in the Offering and (b) a two-year warrant to purchase 0.5 of one share of Common Stock at an exercise price of $2.50 per share for each share of Common Stock purchased in the Offering (each, a " ***Warrant*** ").

If at any time following the twelve (12) month anniversary of the closing date (a) the volume weighted average price of the Common Stock for fifteen (15) consecutive trading days is at least 175% of its respective exercise price; (b) the fifteen (15) day average daily trading volume of the Common Stock has been at least 150,000 shares and (c) a registration statement providing for the resale of the Common Stock issuable upon exercise of the Warrants is effective, the Company may require the investors to exercise all or a portion of their Warrants pursuant to the terms described above within 3 business days following such 15 th day. Any Warrant that shall not be exercised as aforesaid shall expire automatically at the end of the said 15 th day.

Investor Protection: For a period of twelve (12) month period following the Closing, in the event that the Company issues or grants any shares of Common Stock or any warrants or other convertible securities pursuant to which shares of Common Stock may be acquired at a price less than $1.50 per share (other than in connection with employment arrangements or business combinations), then the price per share for Common Stocks issued to the Investors hereunder against the Investment Amount (but not the Warrants) shall be adjusted on a customary broad based "weighted average" as shall be determined in the Definitive Agreement.

Registration Rights: The Company shall use reasonable commercial efforts to file a Registration Statement on Form S-1 covering the shares of Common Stock and the Common Stock underlying the Warrants as soon as practicable but no later than 180 calendar days from the Closing. The Company shall use its best efforts to cause such Registration Statement to be declared effective within 210 calendar days from the Closing. At least 1/3 (one third) of each registration statement shall be reserved for Common Stock to be held by existing Inspire's major shareholders (5% and up). Any existing major shareholder that shall not exercise his right in any share registration shall be entitled to roll over such non-exercised right to the next registration(s) at his sole discretion. If the Company fails to file the Registration Statement within the prescribed 180 day period or fails to have such Registration Statement declared effective within the prescribed 210 day period, then the Company shall pay to the investors in cash a fee equal to 1% of the dollar amount invested by each investor, for each month (i) in excess of 180 days following the Closing and (ii) in excess of 210 days following the Closing, as the case may be, with a ceiling of no more than 3% (three percent) of the dollar amount invested by each investor. Up to 30 day delay in performing one or two of the Company's obligations in this section shall not trigger the compensation to the invesors; provided that in any delay which is longer than 30 days the compensation herein shall be calculated as of the 1 st day of the delay. Notwithstanding anything to the contrary contained herein, the Company shall not be obligated to pay any liquidated damages if the Company is unable to fulfill its registration obligations as a result of rules, regulations, positions or releases issued or actions taken by the SEC pursuant to its authority with respect to “Rule 415,” and the Company registers at such time the maximum number of shares of Common Stock permissible upon consultation with the staff of the SEC, in such registration statement and subsequent registration statements

Business Combination: Immediately prior to the Closing and subject thereto especially the Offering, the Company shall acquire at least 80% of the issued and outstanding capital stock of InspireMD Ltd. (" ***Inspire*** ") on a fully diluted basis through a merger, share exchange or other business combination and shall succeed to the business of Inspire as its sole line of business (the " **Business Combination** "). In connection with the Business Combination, (a) the existing shareholders of Inspire on January 1 st , 2010 shall receive 44 million shares of the Company in exchange for all of the outstanding capital stock of Inspire, resulting in Inspire becoming a subsidiary of the Company, (b) the existing option holders and holders of any other securities or debts exercisable or convertible into Inspire's ordinary shares, as set forth in Inspire's cap table a copy of which is attached hereto as **Annex A** , shall convert their securities in Inspire to the same type of securities bearing the same rights on a 1:0.81 ratio; and (c) the stockholders of the Company prior to the Business Combination shall be entitled to retain 5.5 million shares, of which 1.5 million shares shall be placed into escrow subject to the Stock Forfeiture Condition (as defined below) (the " **Stockholder Escrow Shares** "). Up to the 1 st 500,000 ordinary share of the Company that have been issued by the Company at a PPS of at least $10 as of January 1 st 2010 until the Closing against cash investment shall result in issuance of additional Common Stock on a 1 (Ordinary share):0.81 (Common Stock) ratio. In the event the Closing does not take place until the earlier between (i)180 days after the date hereof; (ii) or 2 months after the receiving of the Tax Ruling Inspire shall have the right to terminate the Business Combination. In such event the current shareholders of Inspire shall keep their current shareholding in Inspire, without any change.

This Term Sheet as well as the definitive agreement shall not limit the Company from operating its business as it has prior to the consummation of the Business Combination, including but not limited to the granting of licenses to use the Company's IP, selling and distributing its products and technology or entering into technological collaborations with any party.

Stock Forfeiture: In the event that the Company (i) records at least $10 million in revenue (on a consolidated basis), as certified by its independent auditors, during the twelve (12) month period following the Closing, and (ii) fails, after a good faith effort, to secure a listing on the Nasdaq Capital Market, Nasdaq Global Market or Nasdaq Global Select Market within twelve (12) months following the Closing, the Company shall have the right to cause the cancellation of the Stockholder Escrow Shares and consequently forfeit the Stockholder Escrow Shares.

Placement Agent Fees: The Company shall pay Palladium Capital Advisors, LLC (" **Palladium** ") a cash fee in an amount of 8% of the actual aggregate proceeds from the sale of the Common Stock and Warrants at the Closing and shall issue Palladium a warrant to purchase that number of shares equal to 6% of the aggregate number of shares of Common Stock sold at the Closing. The warrants to be issued to Palladium shall be substantially similar in all respects to the Warrants except that the exercise price will be $1.50 per share. It is agreed upon that such 8% in cash and 6% in warrants shall be the total and final finder's fees and Placement Agent Fees that the Company shall pay to any third party including Palladium and Harborview. In the event that a third party claims or found to be entitled to finder's fee in cash or otherwise in connection with the transactions contemplated herein and the Reverse Merger, Palladium shall pay such third the entire fees in cash, warrants or otherwise from Palladium Placement Agent Fees hereunder.

StockIncentive Plan: In connection with the Offering, the Company will adopt a stock incentive plan, pursuant to which new designated 7,476,000 shares of the Company's Common Stock will be reserved for issuance to employees, directors, consultants, and other service providers. The Company shall not be permitted to increase the size of this plan or adopt an additional plan for twelve (12) months following the Closing. In addition, for twelve (12) months following the Closing the Company shall not issue any awards under this plan with an exercise price that is less than the lower between: (i) $1.50 per share; or (ii) average market price of the Common Stock for the 3 trading days prior to the grant of such shares.

If the company records from January 1 st , until the Offering Closing date a revenue increase of 150% from the same period in 2009 (on a proportionate basis), then Inspire's management shall be entitled to 300,000 options to purchase Inspire's Ordinary Shares. Such Options shall be fully vested and with an exercise price of NIS 0.01. Inspire's CEO and President shall allocate such Options between Inspire's management (which shall include also the CEO and President).

Investor Relations and Stock Approval: The Company shall use $240,000 exclusively for the payment of investor relations fees.

In addition, following the Closing, the Company shall authorize the issuance of 500,000 shares of Common Stock be used exclusively for the payment of investor relations fees. In the event that any such shares remain unissued following the second year anniversary of the Closing, the Company shall cancel such shares.

Lock-upAgreements: Subject to the Registration Rights of the Inspire's existing major shareholders as provided above, each of the directors of the Company, together with each shareholder of Inspire holding 5% or more of the issued share capital of the Company immediately prior to the Business Combination, will be required to enter lock-up agreements prior to the Closing, pursuant to which such persons may not, subject to certain exemptions, without the prior written consent of Palladium, directly or indirectly, offer, sell, offer to sell, contract to sell, hedge, pledge, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or sell, or otherwise transfer or dispose of (or enter into any transaction or device that is designed to, or could be expected to, results in the disposition by any person at any time in the future), any securities of the Company beneficially owned or subsequently acquired until the twelve month anniversary of the Closing. The above Lock-up shall not apply to 10% of all securities held by each such major shareholder post Closing.

Use of Proceeds: Proceeds from the Offering shall be used as follows:

- General Business Proceeds
- $240,000 to be used for IR/PR Purposes

Post Reverse Merger Capitalization:

- Investors: 5,000,000 shares and Warrants to purchase 5,000,000 shares (assumes the minimum Offering)
- Inspire shareholders: 44,000,000 shares
- Existing ESOP ~ 7,000,000 shares
- Pre-Merger Stockholders of the Company: 5,500,000 shares (1,500,000 of which shall be held in an escrow)
- Harborview Advisors, LLC Warrants: 2,500,000 (1/3 of which shall be held in an escrow)
- Palladium Placement Agent Warrants: 300,000 (assumes the minimum Offering)
- Investor Relations: 500,000 shares
- New Company Options (ESOP): 7,476,000 Shares, of which 2,100,000 (equals to 300,000 shares of Inspire) shall be reserved to the current management of Inspire as set forth in "Stock Incentive Plan" Section above

See Exhibit A.

Other than as set forth above and in Exhibit A no other person or entity has or will have any right or option to purchase or obtain any capital stock or other securities of the public "shell" which will acquire Inspire.

Governing law: State of Israel

Closing: Closing will occur promptly upon negotiation of mutually acceptable definitive documentation. A Current Report on Form 8-K containing information required under Form 10 with respect to Inspire shall be filed by the Company within four business day following the Closing (the " ***Super 8- K*** "). The Closing shall take place no later than 6 months following the date hereof, provided that ALL Conditions to Closing have been met by such date. In the event not all the Conditions to Closing, other than the Tax Pre Ruling (defined below), have been met by November __, 2010 all the transactions contemplated in this Term Sheet shall terminate automatically and be with no effect without the need of any further action by either Party. In such event the current shareholders of Inspire shall keep their current shareholding in Inspire, without any change. If the Tax Pre Ruling is not received by the end of the aforesaid 6 month period Inspire shall be entitled to extend the Closing date by up to 9 additional months.

Conditionsto Closing: Conditions to Closing in favor of the Company: (i) execution and delivery of the transaction documents; (ii) delivery of the purchase price; (iii) representations and warranties of the investors shall be true and correct as of the Closing; (iv) the investors shall have satisfied all covenants required to be satisfied at or prior to the Closing (v) the Company shall have received reconfirmed subscriptions for at least net cash amount of $7,500,000 as aforesaid; (vii) at least 80% of the shareholders and 80% of the option holders of the Company approved in writing the Offering and the Reverse Merger; and (vii) Current Inspire's shareholders and Inspire shall have received a favorable Israeli tax pre-ruling (the " **Tax Pre Ruling** ") to their full satisfaction providing that the consummation of the Business Combination shall constitute a deferred tax event for Inspire and its shareholders and shall not obligate them to pay any tax amounts prior to receiving actual funds resulting from sale of shares or assets of Inspire (the successor entity post the share exchange).

Conditions to Closing in favor of the investors: (i) execution and delivery of the transaction documents; (ii) representations and warranties of the investors shall be true and correct as of the Closing; (iii) the Company shall have satisfied all covenants required to be satisfied at or prior to the Closing; (iv) delivery of the securities; (v) board resolutions approving the transactions; (vi) delivery of a legal opinion from the Company's counsel and (vii) transfer agent instructions shall have been delivered to and acknowledged by the Company's transfer agent.

Confidentiality: This term sheet is confidential, and none of its provisions or terms shall be disclosed to anyone who is not a prospective purchaser of the securities contemplated herein, an officer or director of the Company or their agent, adviser, or legal counsel, unless required by law.

Non Binding Effect: Other than as set forth in the section entitled "Confidentiality", which section constitutes binding obligations of the Parties, the transactions contained in this general Term Sheet does not constitute a binding obligation on the part of the Parties hereto.

Documentation: The definitive documentation shall contain such additional and supplementary provisions, including, without limitation, certain representations, warranties, covenants, payments and remedies as are appropriate to preserve and protect economic benefits intended to be conveyed to the Company and the investors pursuant hereto.

Accepted and agreed this _____ day of May, 2010

InspireMD Ltd.

Agreed: /s/ Ofir Paz
Ofir Paz
CEO

Palladium Capital Advisors, LLC:

Agreed: _____
Joel Padowitz
CEO

The above terms constitute an indication of interest and are for discussion purposes only.

Exhibit A

Post-Transaction Fully Diluted Capitalization Table

	Common Stock	Percentage
Former Inspire Shareholders	44,000,000	81%
Pre-Transaction Company Shareholders	5,500,000	9%
Current Offering Purchases of Common Stock	5,000,000	9%
Investor Relations Shares	500,000(1)	1%
Total (2)	55,000,000(2)	100.00%

_____

(1) Represents 500,000 shares of Common Stock reserved for issuance for investor relations.

(2) Excludes (i) 2,500,000 shares of Common Stock issuable upon the exercise of four year warrants, exercisable at $2.00 per share, to be issued to investors in the Offering, (ii) Represents 2,500,000 shares of Common Stock issuable upon the exercise of four year warrants, exercisable at $2.50 per share, to be issued to investors in the Offering, (iii) 2,500,000 shares of Common Stock issuable upon the exercise of three year warrants, exercisable at $1.50 per share, to be issued to Harborview Advisors, LLC and (iv) 7,476,000 new shares of Common Stock reserved for issuance under the stock incentive plan to be adopted by the Company; (v) approximately 7,000,000 shares of Common Stock reserved for issuance under Inspire's current ESOP; (vi) 300,000 shares of Common Stock upon the exercise of three year warrants, exercisable at $1.50 per share, to be issued to Palladium (if the minimum amount is raised and (vii) 916,667 shares of Common Stock issuance upon the exercise of five year warrants, exercisable at $1.36 per share, to be issued to investors in the bridge round financing.

EXHIBIT D

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 _____ Ordinary Shares of InspireMD Ltd. (subject to adjustment as provided herein)

FORM OF ORDINARY SHARE PURCHASE WARRANT

No. 2010-001 Issue Date: July ___, 2010

InspireMD Ltd. , a corporation continued under the laws of the State of Israel (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 Ordinary Shares at a per share purchase price of Ten Dollars (**US$10)** . 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 Ordinary 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 Securities Purchase Agreement (the " **Securities Purchase Agreement** "), dated as of July ___, 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 " **Ordinary Shares** " includes (i) the Company's Ordinary Shares, 0.01 New Israeli Shekel par value per share, as authorized on the date of the Securities Purchase Agreement, 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 Ordinary 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 Ordinary Shares, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Ordinary 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 Ordinary 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 , Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary Shares specified in such form (as such exercise number shall be adjusted to reflect any adjustment in the total number of shares of Ordinary 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 Ordinary 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 Ordinary Shares or any compulsory share exchange pursuant to which the Ordinary 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 Ordinary 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 Ordinary Shares . In the event that the Company shall (a) issue additional Ordinary Shares as a dividend or other distribution of its assets on outstanding Ordinary Shares, (b) subdivide its outstanding Ordinary Shares, or (c) combine its outstanding Ordinary Shares into a smaller number of Ordinary 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 Ordinary Shares outstanding immediately prior to such event and the denominator of which shall be the number of Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary Shares (or Other Securities) issued or sold or deemed to have been issued or sold, (b) the number of Ordinary Shares (or Other Securities) outstanding or deemed to be outstanding, and (c) the Purchase Price and the number of Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary Shares which would be in excess of the sum of (i) the number of Ordinary Shares beneficially owned by the Holder and its affiliates on an exercise or call date, and (ii) the number of Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Securities Purchase 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 Israel 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 the Tel Aviv Jaffa District, the State of Israel. 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 LTD.

By: _____

Name: Ofir Paz
Title: CEO

Exhibit A

FORM OF SUBSCRIPTION
(to be signed only on exercise of Warrant)

TO: INSPIREMD LTD.

The undersigned, pursuant to the provisions set forth in the attached Warrant (No. _____), hereby irrevocably elects to purchase _____ Ordinary 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 Ordinary 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 Ordinary Shares of INSPIREMD LTD. 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 LTD. 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)

Manufacturing Agreement

(1) QualiMed Innovative Medizinprodukte GmbH

(2) Inspire MD Ltd.

Dated S eptember 11 th 2007

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.

Wingen, 24/09/2007 (place and date)	Tel Aviv, Israel 11-9-07 (place and date)
/s/ Manfred Guilder	/s/ Asher Holzer and /s/ Shmuel Behar
QualiMed Innovative Medizinprodukte GmbH	**Inspire MD Ltd.**
Represent by	Represent by
Name: Manfred Guilder	Name: Asher Holzer
Title: Managing Director	Title: President
List of Agreement Schedules:	Name: Shmuel Behar
Schedule A – Reserved	Title: CFO
Schedule B – Product Specifications and Product Description	
Schedule C – Initial Quantity for Production Stock	
Schedule D – Prices and Delivery addresses and terms	

QualiMed Design Brief (DB)

of

MGuard Coronary Stent System (MGC-SIS)

Protective Mesh Covered Stent Implantation System

Project-No./ Projekt-Nr.	PTQ 060803-113
Contractor/ Vertragspartner	**InspireMD** 3 Menorat Hamaor st' Tel Aviv 67448 Israel
Coordination/ Koordinierung	Manfred Gülcher
Index of Design Brief/ Index des Design Briefs	01

Release by person in charge (QualiMed) Freigabe durch Verfasser (QualiMed)	Date Signature
Release by development director (QualiMed) Freigabe durch Entwicklungsleiter (QualiMed)	Date Signature
Release by QA-Director (QualiMed) Freigabe durch QM-Leiter (QualiMed)	Date Signature
Release by General Management (QualiMed) Freigabe durch Geschäftsführung (QualiMed)	Date Signature

Release by development director (Customer) Freigabe durch Entwicklungsleiter (Kunde)	Date Signature
Release by QA-Director (Customer) Freigabe durch QM-Leiter (Kunde))	Date Signature
Release by authorized person (Customer) Freigabe durch bevollmächtigte Person (Kunde)	Date Signature

0 Table of Contents / Inhaltsverzeichnis

1 Protocol of Changes / Änderungshistorie

Index	Beschreibung	Date	Editor
00	First Version	07.09.2007	AHT
01	Second version; Chapter 3.2.3 Correction of a literal error (for the stent length 19/24/29/34/39 mm) Correction of RBP (Chapter 3.7.4)	21.09.2007 28.09.2007	AHT AHT

2 General / Allgemeines

Item	Specification
2.1 Product	Type: **MGC-SIS** MGuard Coronary Stent System (Stainless Steel)
2.2 Platform	Type: Double S (Stainless Steel Stent) Design: Small: QM222 Medium: QM214
2.3 Supplier (Stent)	**QualiMed Innovative Medizinprodukte GmbH** Boschstraße 16 D-21423 Winsen (Luhe) Germany Tel.-No.: +49 4171-65780
2.4 Sleeve	**stent is wrapped with a polymer sleeve (PET)**
2.5 Supplier (Sleeve)	**InspireMD** Menorat Hamaor st' Tel Aviv 67448 Israel
2.6 Catheter	Type: ORBUS 1a Blue balloon expanding, rapid exchange Catheter
2.7 Supplier (catheter)	**BMT Bavaria Medizintechnologie** Argelsrieder Feld 8 D-82234 Oberpfaffenhofen Germany Tel.-No.: +49 815340160
2.8 Contracts	Development Agreement, 22.09.2006 Guidelines for Cooperation between QualiMed and InspireMD, 22.09.2006
2.9 Certificates	BMT is ISO9001 and ISO 13485 certified (by LGA/InterCert; valid until 01.04.2009) InspireMD is ISO 13485 certified (by the Standard Institute of Israel valid until 31.03.2008) QualiMed: Double S Stentimplantationssystem is certified by DEKRA-ITS Certification Services (93/42/EWG); valid until 30.03.2008

3 Specification – Requirements – Tolerances / Spezifikation – Anforderungen – Toleranzen

3.1 Bare Stent, small QM222

Item		Specification
3.1.1	**Application area**	coronary stent
3.1.2	**Description**	balloon expandable Stainless Steel Stent
3.1.3	**Raw Material**	Stainless Steel according to DIN EN ISO 5832 Part 1
3.1.4	**Tube dimension (for QM222)**	1,60 x 0,14 mm
3.1.5	**Manufacturing**	laser cut tube und electro-polishing
3.1.6	**Architecture**	Multicellular
3.1.7	**Stent length**	12, 15, 19, 24, 29, 34, 39 mm
3.1.8	**Opening ranges small**	2,0; 2,25; 2,5; 2,75; 3,0 mm
3.1.9	**Mechanism**	Balloon expandable
3.1.10	**Coating**	No
3.1.11	**Design, small, QM222**	

3.2 Technical Data, small – Stent, QM222

Nominal stent length	12 mm	15 mm	19mm	24mm	29mm	34mm	39mm
Technical data	**QM 222-12**	**QM 222-15**	**QM 222-19**	**QM 222-24**	**QM 222-29**	**QM 222-34**	**QM 222-39**
3.2.1 Technical data approval date	26.07.2007						
3.2.2 Strut breadth segment (mm)	0,108	0,108	0,108	0,108	0,108	0,108	0,108
3.2.3 Strut breadth connect (mm)	0,082	0,082	0,092	0,092	0,092	0,092	0,092
3.2.4 Strut thickness (polished) (mm)	0,107	0,107	0,107	0,107	0,107	0,107	0,107
3.2.5 Projected surface area (mm ^{2})	13,81	19,25	21,64	29,03	35,01	41,96	45,90
3.2.6 Total surface area (mm ^{2})	56,86	76,37	89,08	119,48	141,05	167,89	189,98
3.2.7 Volume of material (mm)	1,478	2,059	2,316	3,106	3,747	4,490	4,911
3.2.8 Stent length (non-polished) (mm)	11,47	14,97	18,72	24,22	29,22	34,22	39,22
3.2.9 Percentage of surface* [%]	15,3	16,4	14,7	15,3	15,3	15,6	14,9

*calculated on Balloon diameter 2,5 mm.

3.3 Bare Stent, medium QM214

Item		Specification
3.3.1	**Application area**	coronary stent
3.3.2	**Description**	balloon expandable Stainless Steel Stent
3.3.3	**Raw Material**	Stainless Steel according to DIN EN ISO 5832 Part 1
3.3.4	**Tube dimension (for QM214)**	1,80 x 0,15 mm
3.3.5	**Manufacturing**	laser cut tube und electro-polishing
3.3.6	**Architecture**	multicellular
3.3.7	**Stent length**	12, 15, 19, 24, 29, 34, 39 mm
3.3.8	**Opening range, medium**	3,25; 3,5; 4,0 mm
3.3.9	**Mechanism**	Balloon expandable
3.3.10	**Coating**	No
3.3.11	**Design, QM214; medium**	

3.4 Technical Data, Medium – Stent QM214

Nominal stent length	12 mm	15 mm	19mm	24mm	29mm	34mm	39mm
Technical data	**QM 214-12**	**QM 214-15**	**QM 214-19**	**QM 214-24**	**QM 214-29**	**QM 214-34**	**QM 214-39**
3.4.1 Technical data approval date	26.07.2007						
3.4.2 Strut breadth segment (mm)	0,115	0,115	0,115	0,115	0,115	0,115	0,115
3.4.3 Strut breadth connect (mm)	0,075	0,075	0,075	0,085	0,085	0,085	0,085
3.4.4 Strut thickness (polished) (mm)	0,117	0,117	0,117	0,117	0,117	0,117	0,117
3.4.5 Projected surface area (mm ^{2})	16,01	20,13	25,98	34,14	40,00	47,81	53,24
3.4.6 Total surface area (mm ^{2})	57,30	84,60	109,57	143,51	168,72	201,51	230,97
3.4.7 Volume of material (mm)	1,874	2,355	3,040	3,994	4,680	5,594	6,229
3.4.8 Stent length (non-polished) (mm)	11,47	14,72	18,72	24,22	29,13	34,22	39,24
3.4.9 Percentage of surface* [%]	12,7	12,4	12,6	12,8	12,5	12,7	12,3

*calculated on Balloon diameter 2,5 mm.

3.5 Sleeve

Item		Specification
3.5.1	**Application area**	Sleeve placed on the coronary Stent
3.5.2	**Description**	PET sleeve Elastic
3.5.3	**Raw Material**	Polyethylenterephthalat (PET) Haemo- and Biocompatible
3.5.4	**Manufacturing**	Sleeve is attached to the outside surface, according to SOP [1] * Knitting SOP-014-07 Presecuring SOP-015-07 Securing SOP-016-07 Cleaning SOP-017-07 Drying and Vacuum control SOP-018-07* Crimping and vial packaging SOP-019-07 Handling storage and shipping SOP-024-07
3.5.5	**Architecture**	Machine threaded, Multicellular
3.5.6	**Sizes**	Small, medium and large, in different lengths 12, 15, 19, 24, 29, 34, 39 mm
3.5.7	**Sleeve Small**	Article- No.: PSL-0001-V0
3.5.8	**Sleeve Medium**	Article- No.: PSL-0002-V0
3.5.9	**Sleeve Large**	Article- No.: PSL-0003-V0
3.5.10	**Determination**	Meshes on the sleeve ≤ 1 run out One run out is deemed to be uncritical at the expanded sleeved stent

[1] SOP = Standard operation procedure

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*	Add –ons**	System	Month		
				Euro	Euro	Euro		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:24.09.2007

/s/ Manfred Guilder

QualiMed Innovative

Medizinprodukte GmbH

Represent by

Name: Manfred Guilder

Title: Managing Director

Date:25.09.2007

/s/ Asher Holzer and /s/ Shmuel Behar

Inspire MD Ltd.

Represent by

Name: Asher Holzer

Title: President

Name: Shmuel Behar

Title: CFO

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**
	/s/ Offir Paz		/s/ Dipl.-Ing. Markus Binder
By:	Chief Executive Officer	**By:**	Dipl.-Ing. Markus Binder

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

1.2 Sleeve

Item	Specification	Reference
Application area	Sleeve placed on the coronary stent	PHD MGC-I-06
Description	PET sleeve elastic	PHD MGC-I-06
Raw Material	Polyethylenterephthalate (PET) haemo- and biocompatible	PHD MGC-I-06
Manufacturing	Sleeve is attached to the outside surface, according to	PHD MGC-I-06
	SOP	
	Knitting SOP-014-07	
	Pre securing SOP-015-07	
	Securing SOP-016-07	
	Cleaning SOP-017-07	
	Drying and Vacuum control SOP-018-07”	
	Crimping and vial packaging SOP-019-07	
	Handling storage and shipping SOP-024-07	
Architecture	Machine threaded, multi cellular	PHD MGC-I-06
Sizes	Small, medium and large, in different lengths 12, 15, 19, 24, 29, 34, 39 mm	PHD MGC-I-06
Sleeve small	Article- No.: PSL-0001-V1	PHD MGC-I-06
Sleeve medium	Article- No.: PSL-0002-V1	PHD MGC-I-06
Sleeve large	Article- No.: PSL-0003-V1	PHD MGC-I-06
Determination	Meshes on the sleeve $\leq$ 1 run out One run out is deemed to be uncritical at the expanded sleeved stent	PHD MGC-I-06

EXHIBIT B
Stent Specifications

1. Technical data

1.1 Bare Stent

Item	Specification	Reference
Application area	Coronary stent	PHD MGC-I-06
Description	Balloon expandable Stainless Steel stent	PHD MGC-I-06
Raw Material	Stainless Steel according to DIN EN ISO 5832 Part 1	PHD MGC-I-06
Manufacturing	laser cut tube, electro-polished	PHD MGC-I-06
Architecture	Multi cellular	PHD MGC-I-06
Stent length	12, 15, 19, 24, 29, 34, 39 mm	PHD MGC-I-06
Mechanism	Balloon expandable	PHD MGC-I-06
QM222 small stent		
Tube dimension	1.60 x 0.14 mm	PHD MGC-I-06
Opening ranges	2.00; 2.25; 2.50; 2.75; 3.00 mm	PHD MGC-I-06
Technical data approval date	18.01.2008	PHD MGC-I-06
QM214 medium stent		
Tube dimension	1,80 x 0,15 mm	PHD MGC-I-06
Opening ranges	3.25; 3.50; 4.00 mm	PHD MGC-I-06
Technical data approval date	15.01.2008	PHD MGC-I-06

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

1.3 PTCA – Balloon catheter

1.3.1 Orbus 1a blue catheter

Item	Specification	Reference
Design	Rapid Exchange Catheter, PTCA, BMT Orbus la blue	PHD MGC-I-06
Dimension	From 2.00 x 11 mm to 4.00 x 40 mm (diameter x length)	PHD MGC-I-06
Nominal pressure	6 bar	PHD MGC-I-06
Rated burst pressure	Balloon diameters 3.25 mm 16 bar Balloon diameter > 3.25 mm 14 bar	PHD MGC-1-06
Balloon characteristic	semi compliant	PHD MGC-I-06
Balloon folding	For diameter s 2.25: 2 winged For diameter a 2.50 up to 4.00: 3 winged	PHD MGC-I-06
Refold	For diameter < 2.50 mm: 2 winged For diameter z 2.50 mm: 3 winged (up to 12 bar) and 2 winged (from 13 bar)	PHD MGC-I-06
Direction of balloon folding, regarded from the tip	clockwise direction	PHD MGC-I-06
X ray balloon marker	2 markers located at the end of the balloon	PHD MGC-I-06
Recommended guide wire	0.014”	PHD MGC-1-06
Recommended guiding catheter	6F	PHD MGC-1-06
Maximum deflations time measured with 37°C warm 50/50% water/contrast agent	≤ 12 sec (Balloon length up to 30 mm)	PHD MGC-I-06

1.3.2 Natec Tamarin catheter

Item	Specification	Reference
Design	PTCA dilatation catheter, rapid exchange Natec Tamarin Blue	TF-MGC-06_02-A01 QFB405 QPS Natec Tamarin Blue Catheter_080728
Dimension	From 2.00 x 12 mm to 4.00 x 40 mm (diameter x length)	TF-MGC-06_02-A01 QFB405 QPS Natec Tamarin Blue Catheter_080728
Nominal pressure	8 bar	TF-MGC-06_02-A01 QFB405 QPS Natec Tamarin Blue Catheter_080728
Rated burst pressure	16 bar or 14 bar from 0 3.5mm and length > 35mm & Ø 4.0mm and length > 30mm	TF-MGC-06_02-A01 QFB405 QPS Natec Tamarin Blue Catheter_080728
Balloon characteristic	semi compliant	TF-MGC-06_02-A01 QFB405 QPS Natec Tamarin Blue Catheter 080728
Balloon folding	Balloon folded in three wings	TF-MGC-06_02-A01 QFB405 QPS Natec Tamarin Blue Catheter_080728
Refold	Yes	TF-MGC-06_02-A01 QFB405 QPS Natec Tamarin Blue Catheter_080728
Direction of balloon folding, regarded from the tip	In counter clockwise direction	TF-MGC-06_02-A01 QFB405 QPS Natec Tamarin Blue Catheter_080728
X ray balloon marker	2 markers located at the end of the balloon	TF-MGC-06_02-AO1 QFB405 QPS Natec Tamarin Blue Catheter_080728
Recommended guide wire	0.014”	TF-MGC-06_02-A01 QFB405 QPS Natec Tamarin Blue Catheter_080728
Recommended guiding catheter	6F	TF-MGC-06_02-A01 QFB405 catheter QPS Natec Tamarin Blue Catheter_080728
Maximum deflations time measured with 37°C warm 50/50% water/contrast agent	10 – 20 seconds according to image 1 in specification	TF-MGC-06_02-A01 QFB405 QPS Natec Tamarin Blue Catheter 080728

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 I

QA and QC testing for the Sleeve to be composed of :

1. Visual Inspection
2. Detailed inspection after crimping

2. Indications

The MGC-SIS is indicated for improving vessel luminal diameter in the following cases:

- Patients eligible for balloon angioplasty with symptomatic ischemic heart disease or a positive functional ischemia study due to discrete de novo and restenosed coronary artery lesions with a vessel reference diameter matching the final stent nominal diameter.
- An elective implantation and in the treatment of acute or threatened closure associated with the coronary intervention, including saphenous vein grafts.

3. Contraindications

General contraindications for coronary stenting and for the use of this device are:

- Unprotected left main coronary artery disease;
- Coronary artery spasm;
- Lesions involving a bifurcation;
- Cardiogenic shock;
- Any patients judged to have a lesion which may prevent proper stent deployment;
- Vessel trauma requiring surgical repair or reintervention
- Total occlusion of target lesion
- Ejection fraction <30%;
- Allergies to required procedural medications;
- Lesions involving arterial segments with highly tortuous anatomy;
- Severe reaction to contrast agents;
- Contraindication for anti-platelets and/or anti-coagulation therapy;
- Known allergies to Stainless Steel or Polyethelyne Theraphalate.
- Cardiac Tamponade
- Emboli, distal (air, tissue or thrombotic emboli)
- Emergent Coronary Artery Bypass Surgery (CABG)
- Pericardial effusion
- Pseudoaneurysm, femoral
- Respiratory Failure
- Shock/Pulmonary edema

4. Product description

The MGuard Coronary Stent System is composed of a coronary Double S stent covered with a polymer sleeve knitted from micron level Poly Ethylene Terephthalate (PET) fiber premounted on an ORBUS 1a blue balloon catheter or a Natec Tamarin catheter, respectively.

The MGC allows the secure transport of the stent through the coronary system. The stent can be positioned with the X ray balloon markers in the desired stricture and applied via inflation of the balloon. The balloon inflates the stent covered with the flexible sleeve at nominal pressure to the nominal diameter.

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: /s/ Mark Pomeranz
Name: Mark Pomeranz
Title: CEO

LICENSEE:

INSPIRE MD

By: /s/ Eric Ben-Mayor
Name: Eric Ben-Mayor
Title: Vice President

SIGNATURE PAGE TO LICENSE AGREEMENT

EXHIBIT A

SPECIFICATIONS

Figure 1 presents an illustration of a flat layout view of the Svelte helical stent having straight, diagonal connectors shown as cut before crimping onto a delivery balloon with the out-of-phase arrangement of the circumferential sets of strut members. This stent is formed of cobalt chromium alloy L605 and has the following dimensions:

EXHIBIT B

LICENSED PATENTS

PENDING U.S. APPLICATIONS

Hybrid Stent with Helical Connectors	12/582,251	October 20, 2009	

EXHIBIT C

EXECUTIVE SUMMARY

PRIVILEGED AND CONFIDENTIAL

MEMORANDUM

To: Svelte Medical Systems, Inc.

From: Jonathan O'Brien, Ph.D.
Andrew N. Weber

Re: Executive Summary of Freedom to Operate Study of 'Stent-on-a-Wire' Product

Date: October 26, 2009

EXECUTIVE SUMMARY

Svelte Medical Systems, Inc. ("Svelte") commissioned Honigman Miller Schwartz and Cohn LLP to investigate the state of the art for stent delivery systems that deploy an expandable stent within e vasculature of a body and to conduct an infringement analysis to determine whether Svelte's proposed stent or stent delivery system infringes any third party patent references located during our investigation.

Svelte's stent delivery system product includes a catheter, depicted in Figure 1, that deploys an expandable tent having a 2-dimensional pattern depicted in Figure 2.

Figure 1. Catheter Delivery System .

Figure 2. Expandable Stent .

A detailed description of Svelte's stent delivery system product and our analysis is provided in a separate comprehensive opinion that includes a thorough discussion of the law, search results and relevant prosecution histories. Briefly, our searches for U.S. patents and U.S. patent applications that are relevant to stent delivery systems and stents located over 650 patents and patent applications. In particular, we reviewed the references listed below in Table 1 as well as those in the attached Appendix.

Table 1: Stent and Stent Deliver References

US 6,042,597
US 6,348,065
US 6,461,381
US 6,464,722
US 6,488,703
US 6,818,014
US 6,981,986
US 6,997,946
US 7,037,330
US 20090012598
US 5,470,313
US 5,843,116
US 6,007,543
US 6,027,517
US 6,077,273
US 6,306,162
US 6,371,962
US 6,432,129
US 6,468,230
US 6,835,189
US 6,918,920
US 20050171591
US 20080023346

Based on our current understanding of Svelte's stent delivery system product, it is our opinion that none of the third party patents of which we are currently aware encumber the use, manufacture, and sale of this product. It is also our opinion that Svelte would not be encumbered by third party patents issuing with the specific claims in their current form that are currently pending in the various applications discussed below. Thus, it is our opinion that the use, manufacture, and sale of Svelte's proposed stent delivery system and expandable stent will not infringe third party patents located in our reference search. It is also our opinion that the use, manufacture, or sale of Svelte's stent delivery system and expandable stent would not infringe the currently pending claims in any f the pending patent applications located in our reference search if those claims issued in their current form.

To the extent that Svelte is planning to make, have made, use, or sell its particular stent delivery system product, it is free to do so with the caveat that Svelte does not make improvements or other modifications to the stent delivery system product that are covered by valid third party patents. Several entities, including Boston Scientific, Inc., have made or are making improvements to existing stent delivery systems including improvements to the stents themselves. For example, some of these improvements include the placement of a mounting substrate between a balloon and a catheter shaft, the use of helical stent patterns, improvements to strut flexibilities in stents, the addition of retractable stent retaining sleeves, and the addition of core wires having different flexibilities along their lengths. Several of these entities, have obtained patents and/or have rights to pending patent applications that cover various improvements.

Note that our opinion is based on our current understanding of Svelte's stent delivery system and expandable stent, the references in our searches, and the claims as currently pending in the various patent applications described above. This patent clearance study is limited to U.S. patents and pending U.S. applications that have published as of the date of this study. Also note that it is possible that pertinent references, which may affect our opinion, were not identified by our reference search. As with any patent clearance study, it should be borne in mind that each search is unavoidably dependent upon the completeness and accuracy of the databases searched. Given the very large number of published patent documents, the references identified by separate searches using different search criteria are often not one hundred percent complementary. It is unlikely that two different searchers would find the exact same patents even if they searched the same databases. Furthermore, some relevant patents may not have been published at the time we conducted our searches. Although we have endeavored to ensure the accuracy and reliability of this patent clearance study, we cannot guarantee that our searches identified every pertinent patent available as of the date of our search. It is possible that pertinent references, which may affect our opinion, were not identified by our searchers. Patent clearance studies are performed and opinions rendered on the results of such searches to reduce the risk of infringing a valid, issued patent. It is impossible to remove the risk of patent infringement entirely.

Furthermore, it is our recommendation that Svelte continue to monitor the activities of other entities developing stents and stent delivery systems to ensure that latent infringement issues do not arise.

APPENDIX 1

US4917666	US4950227	US5279560	US5290230	US5292321
US5320604	US5135487	US5328469	US5342305	US5342386
US5364354	US5324263	US5409495	US5417658	US5425711
US5470313	US5387225	US5549551	US5567203	US5571087
US5628755	US5474537	US5639274	US5645560	US5647847
US5632760	US5634928	US5733260	US5743876	US5749851
US5702364	US5720724	US5843116	US5843164	US5853408
US5800391	US5843092	US5957903	US5957930	US5871468
US5807327	US5951514	US6007543	US6027517	US5961536
US5944726	US6004291	US6113579	US6120523	US6042588
US5980533	US6077273	US6190332	US6190393	US6123712
US6068623	US6086556	US6264683	US6306162	US6200305
US6159219	US6174327	US6306144	US6371962	US6315790
US6159227	US6228110	US6355016	US6425908	US6375628
US6217667	US6251094	US6419685	US6432129	US6458138
US6221043	US6352551	US6500147	US6506201	US6544218
US6348060	US6409741	US6592570	US6520984	US6544222
US6402720	US6491711	US6676666	US6610069	US6623504
US6402778	US6589274	US6736839	US6692461	US6696121
US6475209	US6669670	US6830575	US6736841	US6761703
US6478814	US6579305	US6736827	US6835189	US6881216
US6663660	US6814744	US6954977	US6837869	US7048713
US6726714	US6936065	US7387640	US6872215	US7083577
US6802849	US7241273	US7025758	US7004963	US7465311
US6923787	US20010027337	US20020040232	US20020138127	US20020138128
US7226472	US20010032008	US20050215950	US7438720	US20030009129
US20010000350	US20020183780	US20020198521	US20020123794	US20030065352
US20020156519	US20030032941	US20030033000	US20020138081	US20030236563
US20030032921	US20030187494	US20030212410	US20030004535	US20040098082
US20030149465	US20040059277	US20040064130	US20030055378	US20050049671
US20040059276	US20040215141	US20040215317	US20030229307	US20050261722
US20040158256	US20050148866	US20050203563	US20040073250	US20070038283
US20050096724	US20050171591	US20060271093	US20050027247	US20070156087
US20050131512	US20060265046	US20070016240	US20050251195	US20080077223
US20060265040	US20060271090	US20070100280	US20070021817	US20080275390
US20070123805	US20070093781	US20070112370	US20070112408	US20090182408
US20060265041	US20080009933	US20080015675	US20090125094	US20090054875
US20070093780	US20080228171	US20080023346	US20080033525	US2009006987
US20070260177	US20090062773	US20080114294	US20080255507	US20090163879
US20080228138	US20090062835	US20080249465	US20090157050	US20090036967
US5295959	US5318535	US20090198317	US20020147491	US20030135256
US5357978	US5360401	US6203558	US6344045	US20040055926
US5441484	US5462530	US6325814	US6391032	US20040133263
US5593419	US5605543	US6375629	US6468230	US20050080477
US5658251	US5665103	US6383212	US6547813	US20060224114
US5772669	US5779731	US6458867	US6663614	US20060253185
US5921958	US5935135	US6544278	US6712827	US20070083132
US5968069	US5980532	US6652568	US6764504	US20070213663
US5971990	US6048356	US6786886	US6702843	US20080097404
US6048338	US6139511	US6918920	US6761708	US7476214
US6129706	US6143014	US7201763	US6890348	US20030032920
US6129707	US6217567	US7563247	US7195612	US20030028211
US20030074044	US20040122464	US20080097512	US20060224113	US20080082050
US20030083622	US20050075711	US20090018635	US20070073331	US20090018633
US20040006359	US20060161240	US20090036833	US20070208301	US20090018634

INDEMNITY AGREEMENT

This Indemnity Agreement, dated as of _____, is made by and between InspireMD, Inc., a Delaware corporation (the " Company "), and _____ (the " Indemnitee ").

RECITALS

A. The Company is aware that competent and experienced persons are increasingly reluctant to serve as directors, officers or agents of corporations unless they are protected by comprehensive liability insurance or indemnification, due to increased exposure to litigation costs and risks resulting from their service to such corporations, and due to the fact that the exposure frequently bears no reasonable relationship to the compensation of such directors, officers and other agents.

B. The statutes and judicial decisions regarding the duties of directors and officers are often difficult to apply, ambiguous, or conflicting, and therefore fail to provide such directors, officers and agents with adequate, reliable knowledge of legal risks to which they are exposed or information regarding the proper course of action to take.

C. Plaintiffs often seek damages in such large amounts and the costs of litigation may be so enormous (whether or not the case is meritorious), that the defense and/or settlement of such litigation is often beyond the personal resources of directors, officers and other agents.

D. The Company believes that it is unfair for its directors, officers and agents and the directors, officers and agents of its subsidiaries to assume the risk of huge judgments and other expenses which may occur in cases in which the director, officer or agent received no personal profit and in cases where the director, officer or agent was not culpable.

E. The Company recognizes that the issues in controversy in litigation against a director, officer or agent of a corporation such as the Company or its subsidiaries are often related to the knowledge, motives and intent of such director, officer or agent, that he is usually the only witness with knowledge of the essential facts and exculpating circumstances regarding such matters, and that the long period of time which usually elapses before the trial or other disposition of such litigation often extends beyond the time that the director, officer or agent can reasonably recall such matters; and may extend beyond the normal time for retirement for such director, officer or agent with the result that he, after retirement or in the event of his death, his spouse, heirs, executors or administrators, may be faced with limited ability and undue hardship in maintaining an adequate defense, which may discourage such a director, officer or agent from serving in that position.

F. Based upon their experience as business managers, the Board of Directors of the Company (the " Board ") has concluded that, to retain and attract talented and experienced individuals to serve as directors, officers and agents of the Company and its subsidiaries and to encourage such individuals to take the business risks necessary for the success of the Company and its subsidiaries, it is necessary for the Company to contractually indemnify its directors, officers and agents and the directors, officers and agents of its subsidiaries, and to assume for itself maximum liability for expenses and damages in connection with claims against such directors, officers and agents in connection with their service to the Company and its subsidiaries, and has further concluded that the failure to provide such contractual indemnification could result in great harm to the Company and its subsidiaries and the Company's stockholders.

G. Section 145 of the General Corporation Law of Delaware, under which the Company is organized (" Section 145 "), empowers the Company to indemnify its directors, officers, employees and agents by agreement and to indemnify persons who serve, at the request of the Company, as the directors, officers, employees or agents of other corporations or enterprises, and expressly provides that the indemnification provided by Section 145 is not exclusive.

H. The Company desires and has requested the Indemnitee to serve or continue to serve as a director, officer or agent of the Company and/or one or more subsidiaries of the Company free from undue concern for claims for damages arising out of or related to such services to the Company and/or one or more subsidiaries of the Company.

I. Indemnitee is willing to serve, or to continue to serve, the Company and/or one or more subsidiaries of the Company, provided that he is furnished the indemnity provided for herein.

AGREEMENT

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions .

(a) Agent . For the purposes of this Agreement, "agent" of the Company means any person who is or was a director, officer, employee or other agent of the Company or a subsidiary of the Company; or is or was serving at the request of, for the convenience of, or to represent the interests of the Company or a subsidiary of the Company as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise; or was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of the Company or a subsidiary of the Company, or was a director, officer, employee or agent of another enterprise at the request of, for the convenience of, or to represent the interests of such predecessor corporation.

(b) Expenses . For purposes of this Agreement, "expenses" include all out-of-pocket costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements), actually and reasonably incurred by the Indemnitee in connection with either the investigation, defense or appeal of a proceeding or establishing or enforcing a right to indemnification under this Agreement or Section 145 or otherwise; provided, however, that "expenses" shall not include any judgments.

(c) Proceeding . For the purposes of this Agreement, "proceeding" means any threatened, pending, or completed action, suit or other proceeding, whether civil, criminal, administrative, or investigative.

(d) Subsidiary . For purposes of this Agreement, "subsidiary" means any corporation of which more than 50% of the outstanding voting securities is owned directly or indirectly by the Company, by the Company and one or more other subsidiaries, or by one or more other subsidiaries.

2. Agreement to Serve . The Indemnitee agrees to serve and/or continue to serve as agent of the Company, at its will (or under separate agreement, if such agreement exists), in the capacity Indemnitee currently serves as an agent of the Company, so long as he is duly appointed or elected and qualified in accordance with the applicable provisions of the Bylaws of the Company or any subsidiary of the Company or until such time as he tenders his resignation in writing; provided, however, that nothing contained in this Agreement is intended to create any right to continued employment by Indemnitee.

3. Liability Insurance .

(a) Maintenance of D&O Insurance . The Company hereby covenants and agrees that, so long as the Indemnitee shall continue to serve as an agent of the Company and thereafter so long as the Indemnitee shall be subject to any possible proceeding by reason of the fact that the Indemnitee was an agent of the Company, the Company, subject to Section 3(c) , shall promptly obtain and maintain in full force and effect directors' and officers' liability insurance (" D&O Insurance ") in reasonable amounts from established and reputable insurers.

(b) Rights and Benefits . In all policies of D&O Insurance, the Indemnitee shall be named as an insured in such a manner as to provide the Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors, if the Indemnitee is a director; or of the Company's officers, if the Indemnitee is not a director of the Company but is an officer; or of the Company's key employees, if the Indemnitee is not a director or officer but is a key employee.

(c) Limitation on Required Maintenance of D&O Insurance . Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain D&O Insurance if the Company determines in good faith that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or the Indemnitee is covered by similar insurance maintained by a subsidiary of the Company.

4. Mandatory Indemnification . Subject to Section 9 below, the Company shall indemnify the Indemnitee as follows:

(a) Successful Defense . To the extent the Indemnitee has been successful on the merits or otherwise in defense of any proceeding (including, without limitation, an action by or in the right of the Company) to which the Indemnitee was a party by reason of the fact that he is or was an agent of the Company at any time, against all expenses of any type whatsoever actually and reasonably incurred by him in connection with the investigation, defense or appeal of such proceeding.

(b) Third Party Actions . If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Company) by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, the Company shall indemnify the Indemnitee against any and all expenses and liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) actually and reasonably incurred by him in connection with the investigation, defense, settlement or appeal of such proceeding, provided the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and its stockholders, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

(c) Derivative Actions . If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding by or in the right of the Company by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, the Company shall indemnify the Indemnitee against all expenses actually and reasonably incurred by him in connection with the investigation, defense, settlement, or appeal of such proceeding, provided the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and its stockholders; except that no indemnification under this subsection 4(c) shall be made in respect to any claim, issue or matter as to which such person shall have been finally adjudged to be liable to the Company by a court of competent jurisdiction unless and only to the extent that the court in which such proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such amounts which the court shall deem proper.

(d) Actions where Indemnitee is Deceased . If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, and if prior to, during the pendency or after completion of such proceeding Indemnitee becomes deceased, the Company shall indemnify the Indemnitee's heirs, executors and administrators against any and all expenses and liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) actually and reasonably incurred to the extent Indemnitee would have been entitled to indemnification pursuant to Sections 4(a) , 4 (b) , or 4(c) above were Indemnitee still alive.

(e) Notwithstanding the foregoing, the Company shall not be obligated to indemnify the Indemnitee for expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) for which payment is actually made to or on behalf of Indemnitee under a valid and collectible insurance policy of D&O Insurance, or under a valid and enforceable indemnity clause, by-law or agreement.

5. Partial Indemnification . If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) incurred by him in the investigation, defense, settlement or appeal of a proceeding, but not entitled, however, to indemnification for all of the total amount hereof, the Company shall nevertheless indemnify the Indemnitee for such total amount except as to the portion hereof to which the Indemnitee is not entitled.

6. Indemnification for Expenses of a Witness . Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of the fact that the Indemnitee is or was an agent of the Company, a witness in any proceeding to which Indemnitee is not a party, he shall be indemnified against all expenses actually and reasonably incurred by him or on his behalf in connection therewith.

7. Mandatory Advancement of Expenses . Subject to Section 9(a) below, the Company shall advance all expenses incurred by the Indemnitee in connection with the investigation, defense, settlement or appeal of any proceeding to which the Indemnitee is a party or is threatened to be made a party by reason of the fact that the Indemnitee is or was an agent of the Company. Indemnitee hereby undertakes to repay such amounts advanced only if, and to the extent that, it shall be determined ultimately that the Indemnitee is not entitled to be indemnified by the Company as authorized hereby. The advances to be made hereunder shall be paid by the Company to the Indemnitee within twenty (20) days following delivery of a written request therefor by the Indemnitee to the Company. In the event that the Company fails to pay expenses as incurred by the Indemnitee as required by this paragraph, Indemnitee may seek mandatory injunctive relief from any court having jurisdiction to require the Company to pay expenses as set forth in this paragraph. If Indemnitee seeks mandatory injunctive relief pursuant to this paragraph, it shall not be a defense to enforcement of the Company's obligations set forth in this paragraph that Indemnitee has an adequate remedy at law for damages.

8. Notice and Other Indemnification Procedures .

(a) Promptly after receipt by the Indemnitee of notice of the commencement of or the threat of commencement of any proceeding, the Indemnitee shall, if the Indemnitee believes that indemnification with respect thereto may be sought from the Company under this Agreement, notify the Company of the commencement or threat of commencement thereof.

(b) If, at the time of the receipt of a notice of the commencement of a proceeding pursuant to Section 8(a) hereof, the Company has D&O Insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event the Company shall be obligated to pay the expenses of any proceeding against the Indemnitee, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, with counsel approved by the Indemnitee, upon the delivery to the Indemnitee of written notice of its election so to do. After delivery of such notice, approval of such counsel by the Indemnitee and the retention of such counsel by the Company, the Company will not be liable to the Indemnitee under this Agreement for any fees of counsel subsequently incurred by the Indemnitee with respect to the same proceeding, provided that (i) the Indemnitee shall have the right to employ his counsel in any such proceeding at the Indemnitee's expense; and (ii) if (A) the employment of counsel by the Indemnitee has been previously authorized by the Company, (B) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of any such defense, or (C) the Company shall not, in fact, have employed counsel to assume the defense of such proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of the Company. The Company shall not enter into any settlement of any proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such proceeding) unless such settlement provides for the full and final release of all claims asserted against Indemnitee.

9. Exceptions . Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

(a) Claims Initiated by Indemnitee . To indemnify or advance expenses to the Indemnitee with respect to proceedings or claims initiated or brought voluntarily by the Indemnitee and not by way of defense, unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board, (iii) such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under the General Corporation Law of Delaware or (iv) the proceeding is brought to establish or enforce a right to indemnification under this Agreement or any other statute or law or otherwise as required under Section 145;

(b) Lack of Good Faith . To indemnify the Indemnitee for any expenses incurred by the Indemnitee with respect to any proceeding instituted by the Indemnitee to enforce or interpret this Agreement, if a court of competent jurisdiction determines that each of the material assertions made by the Indemnitee in such proceeding was not made in good faith or was frivolous; or

(c) Unauthorized Settlements . To indemnify the Indemnitee under this Agreement for any amounts paid in settlement of a proceeding unless the Company consents to such settlement, which consent shall not be unreasonably withheld.

10. Non-exclusivity . The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed exclusive of any other rights which the Indemnitee may have under any provision of law, the Company's Amended and Restated Certificate of Incorporation or Bylaws, the vote of the Company's stockholders or disinterested directors, other agreements, or otherwise, both as to action in his official capacity and to action in another capacity while occupying his position as an agent of the Company, and the Indemnitee's rights hereunder shall continue after the Indemnitee has ceased acting as an agent of the Company and shall inure to the benefit of the heirs, executors and administrators of the Indemnitee.

11. Enforcement . Any right to indemnification or advances granted by this Agreement to Indemnitee shall be enforceable by or on behalf of Indemnitee in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. Indemnitee, in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting his claim. It shall be a defense to any action for which a claim for indemnification is made under this Agreement (other than an action brought to enforce a claim for expenses pursuant to Section 7 hereof, provided that the required undertaking has been tendered to the Company) that Indemnitee is not entitled to indemnification because of the limitations set forth in Sections 4 and 9 hereof. Neither the failure of the Company (including its Board or its stockholders) to have made a determination prior to the commencement of such enforcement action that indemnification of Indemnitee is proper in the circumstances, nor an actual determination by the Company (including its Board or its stockholders) that such indemnification is improper, shall be a defense to the action or create a presumption that Indemnitee is not entitled to indemnification under this Agreement or otherwise.

12. Subrogation . In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

13. Survival of Rights .

(a) All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an agent of the Company and shall continue thereafter so long as Indemnitee shall be subject to any possible claim or proceeding by reason of the fact that Indemnitee was serving in the capacity referred to herein.

(b) The Company shall require any successor to the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

14. Interpretation of Agreement . It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification to the Indemnitee to the fullest extent permitted by law including those circumstances in which indemnification would otherwise be discretionary.

15. Severability . If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of the Agreement (including without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable and to give effect to Section 14 hereof.

16. Modification and Waiver . No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

17. Notice . All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee or (ii) if mailed by certified or registered mail with postage prepaid, on the third business day after the mailing date. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.

18. Governing Law . This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware as applied to contracts between Delaware residents entered into and to be performed entirely within Delaware.

The parties hereto have entered into this Indemnity Agreement effective as of the date first above written.

COMPANY:

INSPIREMD, INC.

By: _____

Title: _____

Address:

INDEMNITEE:

By: _____

Address:

BASIC AGREEMENT

between

MeKo Laser Material Processing
(MeKo)
Im Kirchenfelde 12-14
31157 Sarstedt

And

Inspire MD
(Inspire)
3 Menorat Hamaor St,
67448 Tel Aviv, Israel

Introduction

This document specifies the details of delivery strategy for electro polished L605 bare metal stents.

1. MeKo produces electro polished L605 bare metal slants based on the drawings 43-0003-xx and 43-0004-xx with xx as an replacement for: 8 mm, 13 mm, 18 mm, 23 mm, 28 mm, 33 mm, 38 mm

2. For stock production Inspire will send a "Frame order" of the total amount of each length and design for a quarter [as long as not other defined). For partial order Inspire will send "calls" with the amount of each position with at least 100 pieces each length.

3. After an initial production time MeKo guarantees the shipment of partial calls from stock within 1 working day (e.g. Call will arrive on Monday the shipment will be sent with UPS at latest on Tuesday)

4. The prices will base on the quantity of each length ordered in the Frame Order.

5. MeKo will send a stock overview with each shipment.

6. As soon as positions run out of parts, a new frame order will be send by Inspire

The prices in Dollars will be as listed below:

Length (mm)	200 pc.	400 pc.	600 pc.	800 pc.	1000 pc.
8	25.7	22.7	21.6	21.1	20.8
13	30.4	27.4	26.4	25.9	25.6
18	35.2	32.1	31.1	30.6	30.3
23	39.9	36.9	35.8	35.3	35.0
28	44.6	41.6	40.6	40.1	39.8
33	49.4	46.3	45.3	44.8	44.5
38	54.1	51.1	50.0	49.5	49.2

Signature of Company MeKo /s/ Dipl.-Ing. Markus Binder
Signature of Inspire MD /s/ Eli Bar

QUALITY ASSURANCE AGREEMENT

Between

Customer: InsperMD Ltd.

3 Menorat Hamaor St., Tel-Aviv 67448, Israel

and

Subcontractor: MeKo Laser Material Processing,

Im Kirchenfelde 12-14, 31157 Sarstedt, Germany

§ 1 Purpose

The purpose of this Quality Assurance Agreement is to address and assign all requirements and responsibilities between the companies to assure the manufacturing and supply of medical products of high quality fulfilling the specifications under reliable and reproducible conditions.

§ 2 Products and scope of subcontracting service

Products: CoCr stent according to specification No. 43-0003-XX and 43-0004-XX

Scope of Service: Laser cutting and Electro-polishing.

Customer is responsible for the design, drawing, specifications etc. with respect to the characteristic, quality requirements and application of the product.

§ 3 Quality Management System of MeKo

MeKo will maintain an ISO 13485 quality system and will immediately inform the customer and discontinue product delivery if it is forfeiting its ISO 13485 certificate.

§ 4 Orders

Customer orders will include or reference to

- order number and delivery date,
- drawing number and revision date or number,
- all specifications and requirements and
- any additional information,

which are necessary to manufacture the products (see § 2),

MeKo will accept purchase orders only when it has been determined the documents, materials, components, calibrated/maintained/validated equipment and trained personnel, as appropriate, are available to meet the requirements for the scheduled delivery.

§ 5 Raw material and Incoming Inspection

For the products (notified in § 2) MeKo ensures to use only raw material

- provided by the customer and/or
- From a qualified supplier. The qualification of the supplier has to be assured either by an ISO 13485 certificate or quality audits performed by MeKo.

MeKo procures the material, MeKo is responsible for the adequate incoming inspection in respect of the material and/or product specifications.

§ 6 Manufacturing

All products shall be manufactured in accordance with the ISO 13485 quality management system of MeKo and the drawing and specification of the customer. In particular (in addition) the following requirements have to be assured:

Laser cutting:

- Strut width tolerance ± 0.015 mm.
- Laser cut surfaces/edges burr free and free of oxides etc..

Heat treatment:

- Each heat treatment of a lot is verified by a tensile test. The strain/stress curve of the tensile test will be supplied with the products.
- The minimum break elongation for approval is 50 %.
- For L605 material the LowElast process will be applied to the products.

Electro polishing:

- Electro polished surfaces have to be shiny and smooth without sharp edges, pitting, etc..
- Strut tolerances after electro polishing ± 0.015 mm.

Passivation:

- All products have to be passivated in accordance with the MeKo process CorReSurf.

Final Cleaning:

- All finished products have to undergo a final cleaning process.
- The final cleaning has to ensure a microscopic cleanness of the surface: particle and residual free products.

§ 7 Final Inspection of Products

MeKo assures the visual inspection of each product (100 % inspection) by utilisation of microscopes with a magnification of 50 x.

The products have to be free off defects according to the specifications and/or failure catalogue. The surfaces have to be free of particles and residuals of the manufacturing process.

The product dimensions are verified during manufacturing whereas the first and the last part of a batch (subset of a lot) are inspected. Only if both parts (the first and the last) are in accordance with the drawing and specification, the batch is released as part of the lot.

§ 8 Labelling and Packaging

The products will be labelled with

- purchase order number
- drawing number and drawing revision
- raw material lot number
- number of products in a package
- date of final inspection and name of inspector

The products have to be securely packed to avoid any contamination or harm during transportation.

In particular stents have to be packed in plastic/glass vials and the vial in special cardboard boxes with foam grid inside.

§ 9 Documentation and Shipment

Each product lot will be shipped with the necessary documentation for identification, traceability and proof of conformance with the drawings/specifications including:

- delivery note with delivery note number (for traceability)
- Certificate of Conformance (CoC)
- tensile test graph
- necessary documents for customs clearance

The products will be shipped via airfreight e.g. by FedEx, UPS or DHL.

MeKo will maintain traceability by accurate, controlled, accessible and secured records of material, manufacturing processes, inspections and returns as applicable and in accordance with the IS013485. Documents will be preserved for a period of 15 years.

§ 10 Changes in Processes

MeKo will inform the customer prior to implementing changes to the production process, which may have an effect to the product quality and which is utilized in manufacturing and inspecting the products including but not limited to changes of material, raw material supplier and equipment.

§ 11 Incoming Inspection at customer side

The customer will perform sample size (AQL ...) or 100 % inspection of the products after receipt of the shipment.

In case of product rejection MeKo has to be informed immediately in writing by fax or email. The delivery note number and the number of rejected products should be notified. The rejection reason has to be described in writing and/or with pictures etc. as precisely as possible to enable MeKo to take corrective actions in the manufacturing or final inspection.

§ 12 Miscellaneous

This Quality Assurance Agreement comprises all quality issues of the products mentioned in § 2, which are necessary in addition to the drawings and specifications released by the customer and sent to MeKo.

Any changes of the provisions of this agreement have to be made in written and signed by both companies.

Signature: /s/ Eli Bar
Name: Eli Bar
Company: InspireMD

Signature: /s/ Dipl.-Ing. Markus Binder
Name: Dipl.-Ing. Markus Binder
Company: Meko

AGREEMENT

This present agreement is concluded between NATEC MEDICAL LTD, Maeva Centre, Business Park Ebene, Reduit, Mauritius (the "Seller") and INSPIRE MD, of 3, Menorat Hamaor St, Tel Aviv 67448, Israel, (the "Buyer").

I/ OBJECT

This agreement describes the specific terms and conditions between NATEC MEDICAL LTD and INSPIRE MD.

II/ PRODUCT COVERAGE

This agreement is for the supply of Tamarin Blue PTCA dilatation catheters (bulk, non-sterile), hereinafter referred to as the "Product".

III/ PURCHASE SPECIFICATIONS

A) Volume commitment

Buyer commits to purchase a minimum volume of 10 000 Products for the first year.

B) Price

The Product price is 40 Euros Exworks.

C) Gratuities

It is agreed that upon reaching payment of 2,000 units, the Seller will deliver 200 units for free based on the following order. This level of gratuities will be applicable for each following batch of 2 000 units paid.

D) Payment terms

- By Letter of Credit (60 days at sight) for the first order
- 60 days credit based on invoice date, for the following orders
- Handling of new order will be related to effective release of payment of previous order.
- Bank details provided on each Proforma Invoice
- Reimbursing bank to have the Patriot Act Certification with one of the following banks:

1. CITIBANK
2. JPMORGAN CHASE BANK
3. DEUTSCHE BANK
4. WACHOVIA
5. AMERICAN EXPRESS
6. SOCIETE GENERALE
7. BANK OF NEW YORK
8. FORTIS
9. HSBC BANK USA
10. WELLS FARGO
11. BNPPARIBAS

E) Price revision

The price revision is based on a) usual market price review b) volume (forecast to be provided annually).

F) Minimum order quantity

Minimum quantity to be ordered per size: 50 pieces.

G) Transportation costs

These will be fully supported and insured by the Buyer, Ex-works.

H) Interest charges for late payment

All invoices due to Seller related to the present agreement, and unpaid at their due date, will bear interests at the rate of 2% (two percent) per month above prevailing bank rate in Mauritius, calculated between the due date and the effective payment date.

I) Interest charges for late shipment

Late shipment, unless otherwise agreed, shall bear interest at the rate Of 2% (two percent) per month to be deducted from the Buyer invoice.

IV/ LOGISTICS

A) Order Acknowledgement and delivery schedule

An informal initial order acknowledgement is provided within 1 (one) business day. A formal order acknowledgement is sent by Seller to Buyer upon acceptance of payment terms, and provides confirmation of prices and the effective lead-time(s) and delivery/shipment date(s). Delivery/shipment date is the date when the order is ready for pickup by carrier at Seller's production location. The Shipping address/Billing address are to be confirmed by Buyer upon sending of his PO.

B) Regulatory

Certificates needed for selling the product referenced in this agreement will be made available by Seller. This involves, without being exhaustive, the ISO and CE certificates, and the Free Sales certificate. Seller will grant access to Buyer to its Technical file, and will give full assistance needed in order to get regulatory clearance.

C) Regional registration

Some countries need the registration of the products referenced in this agreement for import and selling authorization. The Seller will make all due efforts to assist the Buyer and / or make the requested registration effective.

V/ DURATION OF AGREEMENT

This agreement starts at the date of its signature, for • an unlimited period after the first year. It may be cancelled by each party with a notification of six months done by registered postal mail, subject to the time needed for the Buyer to transfer the registration to a third party product. The agreement may be suspended without delay in case of non application of its terms. The suspension must be notified to the other party's address by registered postal mail within three business days.

VI/ FORCE MAJEURE

Each party will be excused for reasonable delay in the execution of its obligations, in case of Force Majeure. Each party will make its best efforts to remediate to the situation with reasonable solutions. Each party will inform the other party when such a Force Majeure occurs and no later than 3 business days later, and list the steps scheduled to return to a normal situation.

VII/ APPLICABLE LAW and JURISDICTION

This Agreement shall be governed by and construed in accordance with Israeli Law and the parties hereby submit to the jurisdiction of the Courts of Israel.

VIII/ LIABILITY

Once shipped the Seiler shall not be liable for any delay caused by the carrier or customs (taking in consideration that carrier to be used is decided and organized by buyer).

Seller:	Buyer:
NATEC Medical Ltd. Managing Director	INSPIRE MD CTO & VP R&D
/s/ Mrs. Francine Lanceleur Mrs. Francine Lanceleur Date: 23/09/2009	/s/ Mr. Eli Bar Mr. Eli Bar Date: 23/9/2009

EXCLUSIVE DISTRIBUTION AGREEMENT

THIS EXCLUSIVE DISTRIBUTION AGREEMENT (the " **Agreement** "), entered into as of December 10, 2007 (the "Effective Date"), is made by and between INSPIRE MD LTD. of 3 Menorat Hamaor St. Tel Aviv 67448, Israel, a Corporation organized and existing under the laws of Israel and any of its affiliated companies (under formation) (individually and collectively referred to as the " **Supplier** "), and Hand-Prod Sp. Z o.o. of ul. St. Leszczynskiego 40a, Warsaw 02-496, Poland (the " **Distributor** ") (each of the Company and the Distributor, a "Party" and together, the "Parties").

WHEREAS, Supplier develops, manufactures and supplies the Product(s) set forth on Exhibit A hereto, that may be improved or updated by Supplier from time to time (the " **Product(s)** ";

WHEREAS, Distributor distributes and sells a wide variety of Product(s) for use in the territory;

WHEREAS, Supplier wishes to sell the Product(s) to Distributor, and Distributor wishes to purchase the Product(s) from Supplier, subject to the terms and conditions of this Agreement;

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, the parties agree as follows:

1. Representations, Undertakings, Appointment and Responsibilities of Distributor

1.1 Representations and Warranties: Distributor hereby represents and warrants to the Supplier 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 to the Supplier's satisfaction. Further, the Distributor represents and warrants that it is duly licensed to execute its obligations under this Agreement.

1.2 Undertakings: Distributor hereby undertakes that he will, at its own expense, be responsible for obtaining any and all permits, approvals, product registration with the Ministry of Health, licenses authorizations and clearances from local, state, municipal, governmental, quasi-governmental and other authorities, required, necessary or desirable for the sale and distribution of the Product(s) in the Territory and for the performance of the Distributor's obligations hereunder. Pursuant to this engagement, Distributor agrees to purchase the Product(s) from Supplier, and Supplier agrees to sell the Product(s) to Distributor when such Product (s) are ordered hereunder in accordance with the terms hereof.

1.3 Appointment. As of the Effective Date, Supplier hereby engages Distributor as its Exclusive distributor for the distribution and sale of the Product (s) solely in the geographical areas set forth on **Exhibit B** hereto (the " **Territory** "), subject to the terms and conditions of this Distribution Agreement. Distributor hereby accepts such engagement, subject to the terms and conditions of this Distribution Agreement. Distributor acknowledges that it may not make any commitment or binding obligation on behalf of Supplier.

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED BY INSPIREMD, INC. FOR CERTAIN PORTIONS OF THIS DOCUMENT. CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. OMITTED PORTIONS ARE INDICATED IN THIS AGREEMENT WITH "XXXX".

1.4 Sales Minimums. Distributor hereby commits to Supplier to achieve, at a minimum, the sales targets set forth on **Exhibit C** hereto during the Term (" **Sales Minimum** " **),** and the Total Value of orders for each year listed therein (the " **Order Value** "). If Distributor fails to achieve the Sales Minimum and/or the Order Value in any given period specified in Exhibit C hereto, Supplier may, at its own discretion either: (i) terminate this Agreement in accordance with Section 9.1 below, or (ii) revoke the exclusive appointment granted to the Distributor under Section 1.3 and appoint Distributor as a non-exclusive Distributor in the Territory. Supplier shall notify Distributor if' such appointment is made. Said appointment shall not derogate from the terms of this Agreement and all other terms of this Agreement shall remain in effect *Mutatis Mutandis.*

1.5 Responsibilities . Distributor shall bear its own expense for the execution of the following:

(a) Product(s) Promotion. Distributor shall use its best efforts to introduce to the market, promote, obtain orders for the Product(s) in the Territory. For the execution of said promotion, Distributor shall employ highly qualified sales and technical personnel familiar with the Product(s). Distributor agrees that it shall execute its obligation under this section in a manner that reflects positively on the Supplier and the Product(s) and shall not perform any act or omission which may harm the goodwill of, or be injurious to, the Product(s) or Supplier. Further, all marketing material, Product(s) information, brochures and the like, containing information relating to the Product(s) requires the approval of the Supplier prior to its distribution to end users or prospects Distributor engages.

(b) Marketing Plan. Distributor agrees to submit to Supplier within thirty (30) days hereof a marketing plan detailing the promotional and marketing activities for sales of the Product(s) in the Territory. Said marketing plan is subject to Supplier's approval prior to its implementation and shall include attendance in local shows, distribution of marketing material translated into the language used in the Territory. Distributor shall keep Supplier continuously informed of the status of its marketing efforts under the marketing plan and shall furnish all information relating to the sales of the Product(s) in the Territory as may be reasonably requested by Supplier from time to time.

(c) Sales Personnel. Distributor shall train an appropriate number of its qualified employees in the sale of the Product(s) (" **Sales Personnel** "). Number of Sales Personnel shall be sufficient for the purpose of promoting, marketing, selling and distributing the Product(s) in the Territory in accordance with Section 1.3 above. Without derogating from the above, Distributor may use subcontractors for the distribution of the Products. Distributor shall be held accountable for all distribution activities preformed by subcontractors in distributing the Products under this Agreement.

(d) Compliance and Reporting.

(1) Distributor shall comply with any and all safety regulations and standards and such other regulations or requirements as are or may be promulgated by authorized governmental authorities and required in order to carry out the terms of this Distribution Agreement.

(2) Distributor shall provide Supplier with all information pertaining to adverse events or safety issues related to the Product(s) within one working day. Further, Distributor shall promptly provide Supplier with all information alleging Product(s) deficiencies related to the identity, quality, durability, reliability, effectiveness, or performance of the Product(s).

(e) Customers. In the event that Supplier needs customer information in order to comply with the law and regulations, Distributor will make available to Supplier such information."

(f) Records. Distributor shall maintain complete and accurate records of all Product(s) sold by Distributor in sufficient detail to enable Supplier to comply with its obligations under this Agreement.

(g) Storage. Distributor shall store the Products in a storage facility and under conditions suitable to fit the Product's nature as a delicate sterilized medical device to be used in humans,

(h) Minimum Inventory. Distributor shall at all times after the Effective Date of this Agreement maintain at all time, a minimum inventory of Products equivalent to one quarter of sales of the current year, to ensure the timely supply of Products to the customers.

2. Term of Agreement

This Agreement shall commence and be effective as of the Effective Date and shall continue for a term of 5 years (the " **Term** ") commencing with the Effective Date of this Agreement, unless terminated pursuant to Section 9 below. The Term shall be automatically extended to an additional term (" **Renewal** ") unless a written notice of termination has been provided by one party to the other ninety (90) days prior to the date on which this Agreement otherwise would have expired. The terms of this Agreement shall apply to any Renewal, except if otherwise agreed on in writing by the parties.

3. Purchases, Prices, Payment and Forecasts

3.1 Standard Terms. Distributor shall purchase Product(s) from Supplier pursuant to Supplier's standard purchase order. After receipt of Distributor's purchase order, Supplier shall confirm, in writing, the details of the purchase order. Supplier shall be obligated to sell to Distributor Products after the confirmation of the purchase order has been made by Supplier. Supplier may, at its sole discretion, make changes to its Product(s) list at any time, provided that outstanding purchase orders will not be affected by such change. All sales from the Supplier to the Distributor are final.

3.2 Prices .

(a) Transfer prices of the Product(s) from Supplier to Distributor are specified in **Exhibit C** to this Agreement (the " **Prices** "), FOB Israel or Germany at the Supplier's sole decision.

Distributor shall complete the appropriate import/export forms as required by applicable laws and shall pay all other fees associated with the sale and delivery of all Product(s) hereunder, Including but not limited to customs clearance or customs tax as may apply.

(b) Supplier shall have the right to change the Prices with a sixty (60) days prior written notice (the " **Price Notice** ") to Distributor. Orders placed by Distributor prior to the last day of the Price Notice period shall not be effected by said price change, and any written quote provided by the Distributor to prospect end-users prior to the Price Notice shall be subject to the previous pricing, provided that a copy of such quote has been provided by Distributor to the Supplier prior to the Price Notice.

3.3 Product(s) Changes. Supplier reserves the right, at any time, to make changes to any Product(s) whenever such changes are (a) required for safety, (b) required in order to facilitate performance in accordance with specifications, or (c) such that they represent non-substantial substitutions and modifications not adversely affecting performance in accordance with applicable Product(s) performance specifications. Supplier will inform Distributor within a reasonable time of any changes under this Section 3.3.

3.4 Purchase Orders. All orders for Product(s) shall be placed by and subject to Distributor's purchase orders in the form attached to as Exhibit E to this Agreement, each of which shall be subject to review and acceptance in writing by Supplier at its principal place of business. Distributor's purchase orders shall include the following information:

(a) Identify each unit of Product(s) ordered;

(b) Indicate quantity, price (determined in accordance with the provisions of this Agreement) and shipping instructions; and

(c) Specify Distributor's requested delivery dates.

Supplier is not bound by any term, condition or other provision in any purchase order that conflicts with the terms of this Agreement, unless such purchase order was confirmed in writing by Supplier.

3.5 After Purchase order is received and confirmed by Supplier, sales transaction shall be deemed complete and final.

3.6 Payment .

(a) Payments for Product(s) shall be made in accordance with the payments schedule set forth in Exhibit D, by Distributor to Supplier pursuant to all additional terms listed therein.

(b) Payment shall be made by means of issuing an irrevocable Letter of Credit in the name of the Supplier, issued by a bank certified by the Supplier's bank.

(c) Such letter should be issued upon approval of the Distributor's order by the Supplier, and is a prerequisite for continuation of the processing of the Purchase Order by Supplier.

(d) Risk of Loss: Title to the Product(s) purchased hereunder shall pass to Distributor and all risk of loss or damage to such Product(s) shall be borne by Distributor from the time such Product(s) arrive on board consistent with FOB choice (Germany or Israel)

(e) Distributor's obligation to pay for all Product(s) ordered and all charges which it has incurred in connection with the execution of this Agreement shall survive termination or expiration of this Agreement.

3.7 Forecasts. Not later than the first day of each quarter during the Term of this Agreement, Distributor will provide an estimate of its demand for Product(s) for the following quarter. Such rolling forecasts shall not be binding on either party, but shall be prepared with reasonable care, based upon Distributor's experience with the Product(s) and information concerning existing and prospective customers.

4. Responsibilities of Supplier

4.1 Marketing and Sales Support.

(a) Training and Support - Distributor shall train and support its personnel or subcontractors for the satisfactory completion of its obligations under this Agreement. Supplier will assist in training by furnishing Distributor with English training literature. Supplier may, at his sole discretion, provide Distributor with his own personnel for training.

(b) Marketing Material. Supplier shall provide Distributor with English language marketing literature.

(c) Marketing Activities. Supplier may at his own discretion choose to assist Distributor in marketing activities, by participating in conferences, meeting with customers, bringing opinion leaders and any other activities Supplier may choose to be involved in provided that said activities shall be coordinated with Distributor.

(d) Supplier may list Distributor at the Supplier's Website as a Distributor in the Territory.

4.2 Product(s) Specifications and Standards.

(a) Recalls and Retrofits. Supplier agrees that if any Product(s) is found by a government agency, sovereign, legislative or executive branch of government, or a court of competent jurisdiction to be in violation of any applicable law or regulation, Supplier shall be solely responsible for the necessary repair, replacement, or other remedy of such violation.

(b) Compliance with Applicable Laws. Supplier certifies that all of the Product(s) to be furnished under this Agreement will be manufactured or supplied by Supplier in accordance with all applicable government provisions and stipulations in the CE mark. Distributor will be responsible for making adjustments, if needed, to meet local regulation.

5. Warranty and Maintenance

5.1 Warranty, Maintenance Obligations of Supplier to Distributor.

(a) All Warranty claims against Supplier shall be made by Distributor, regardless of whether Distributor has transferred title or possession of the Product(s) to other parties.

(b) The Warranty is contingent upon the proper use of the Product(s), and does not cover Product(s) that have been modified without Supplier's approval, or that have been subject to unusual physical or electrical stress, misuse, unauthorized use, negligence or accident, or that have passed their expiration date.

(c) Supplier makes no warranty in respect of accessories and other parts made by other suppliers that have been attached or connected to the Product(s).

(d) THE FOREGOING WARRANTIES SET FORTH IN SECTION 5.1 ABOVE ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, EITHER WRITTEN, ORAL OR IMPLIED, WHICH ARE HEREBY SPECIFICALLY DISCLAIMED AND EXCLUDED BY SUPPLIER, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE AND NON-INFRINGEMENT OR ANY IMPLIED WARRANTIES ARISING BY COURSE OF DEALING OR USAGE OF TRADE). THE SOLE AND EXCLUSIVE REMEDIES OF DISTRIBUTOR FOR BREACH OF PRODUCT(S) WARRANTY SHALL BE LIMITED TO THE REMEDIES PROVIDED IN THIS AGREEMENT.

(e) NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, SUPPLIER SHALL NOT BE LIABLE TO ANY PERSON FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL OR INDIRECT DAMAGES, HOWEVER ARISING, INCLUDING, BUT NOT LIMITED TO, DAMAGES TO OR LOSS OF PROPERTY OR EQUIPMENT, LOSS OF PROFIT, LOSS OF USE OF DATA, LOSS OF REVENUES OR DAMAGES TO BUSINESS OR REPUTATION ARISING FROM THE PERFORMANCE OR NON-PERFORMANCE OF ANY ASPECT OF THIS AGREEMENT OR ANY ORDER HEREUNDER, OR FROM ANY CAUSE WHATSOEVER ARISING FROM OR IN ANY WAY CONNECTED WITH THE MANUFACTURE, SALE, HANDLING, REPAIR, MAINTENANCE OR USE OF THE PRODUCT(S), WHETHER OR NOT SUPPLIER SHALL HAVE BEEN MADE AWARE OF THE POSSIBILITY OF SUCH LOSS. ANY OTHER PRODUCT(S) REPRESENTATIONS OR WARRANTY MADE BY ANY OTHER PERSON OR ENTITY, INCLUDING EMPLOYEES OR REPRESENTATIVES OF DISTRIBUTOR THAT ARE INCONSISTENT HEREWITH, SHALL BE DISREGARDED AND SHALL NOT BE BINDING UPON SUPPLIER. IN NO EVENT SHALL SUPPLIER'S LIABILITY FOR PARTICULAR UNITS OF THE PRODUCT(S) HEREUNDER EXCEED THE PURCHASE PRICE OF SUCH UNITS.

(f) This Section 5.1 shall survive expiration or termination of this Agreement.

5.2 Warranty and Maintenance Obligations of Distributor to Customers.

(a) Distributor shall make no warranties or guarantees with respect to Product(s) or the use thereof except as provided herein or otherwise authorized in writing by Supplier.

(b) Distributor shall educate and inform End Users of the proper and safe use of the Product(s). In the event that Distributor learns or becomes aware of any information indicating that any of the Product(s) have failed to perform satisfactorily, or receives any complaints or information from anyone concerning the safety and/or merchantability of any of Product(s), Distributor shall notify Supplier immediately. Distributor shall maintain a file of customer suggestions, comments, incident reports and Distributor responses and shall forward all such information to the Supplier in writing on the last day of each quarter this Agreement is in effect and for a period of 6 months from the termination of this Agreement if such information becomes available after termination.

6. Intellectual Property and Ownership

6.1 Distributor acknowledges and agrees that:

(a) All intellectual property rights pertaining to the Product(s), including but not limited to patents, know-how, copyright, trademarks, whether protectable or not, registered and unregistered, owned and/or otherwise used by Supplier . and all goodwill related thereto (collectively, the " **IP Rights** " **)** are and shall remain at all time, as between Supplier and Distributor, the exclusive property of Supplier and may not be exploited, reproduced or used by Distributor except as expressly permitted under this Agreement.

(b) Distributor 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(s).

(c) Distributor shall take all reasonable measures to ensure that all IP Rights of Supplier shall remain with Supplier, including promptly notifying Supplier of any possible infringement by third parties of Supplier's IP Rights and participating with Supplier, at Supplier's expense, in any legal action against such infringement that in Supplier's sole judgment is required for protection or prosecution of Supplier's rights.

(d) Supplier shall be the owner of the Product Registration in the Territory.

6.2 Without derogating from Section 6.1 above:

(a) Supplier may at any time affix Supplier's trade name, service marks or trademarks (the " **Trademarks** ") to any of the Product(s) and use the Trademarks in relation to any services Supplier provides hereunder in connection with the Product(s); Distributor shall not make any changes to the Trademarks used on Products by Supplier.

(b) Distributor shall not have or acquire any right, title or interest in or otherwise become entitled to use any of the Supplier's Trademarks, either alone or in conjunction with other words or names, or use the goodwill thereof, without the express written consent of Supplier in each instance; and

(c) Distributor shall not to apply for or oppose registration of any trademarks, including the Trademarks, used by Supplier.

6.3 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.

6.4 Distributor acknowledges that no license or right is granted hereby with respect to Supplier's intellectual property.

7. Confidentiality

7.1 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 in accordance with Section 7.2 below.

7.2 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.

7.3 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, in 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.

8. Indemnification and Insurance

8.1 Supplier Indemnification. Supplier shall indemnify, hold harmless and defend Distributor, 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 manufacture or design of the Product(s) supplied hereunder, unless such injury, death or property damage is the result of Distributor's negligence, willful misconduct, breach of this Agreement or any modification made by Distributor to the Product(s) without the Supplier's consent.

8.2 Distributor Indemnification. Distributor shall indemnify, hold harmless and defend Supplier, 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 Distributor's negligence, willful misconduct or breach of this Agreement.

8.3 Insurance. To secure the indemnification provided in Sections 8.1 and 8.2 above, each of Supplier and Distributor agrees to maintain policies of insurance providing terms and conditions as follows:

(a) General liability insurance in the amount of $1,000,000 per occurrence (which may be provided by a combination of primary and umbrella insurance); and

(b) Product(s) liability insurance in the amount of $1,000,000 per occurrence (which may be provided by a combination of primary and umbrella insurance).

(c) The insurance provided above shall include endorsements providing "contractual liability" coverage or equivalent terms; must be effective for claims or suits filed in the Territory.

Each of Supplier and Distributor shall provide a certificate of insurance covering the above requirements within thirty (30) days of execution of the Agreement, and upon each renewal of such insurance.

9. Termination

9.1 The Supplier may terminate this Agreement with thirty (30) days written notice if the Distributor:

(a) Is in default of its payment obligations hereunder, and such default continues for fifteen (15) days following receipt of written notice; or,

(b) Is in default of any other material obligation hereunder and such default continues for thirty (30) days following receipt of written notice; or

(c) Fails to meet the Minimum Sales or Order Value as defined in Exhibit C.

(d) Distributes or attempts to distribute the Products outside of the Territory.

9.2 Either party may terminate this Agreement if the other party is declared bankrupt or is involved in any insolvency proceedings, attachment or other proceedings, which, in the reasonable opinion of either party prevents the other party from performing its obligations under this Agreement.

9.3 Either party may terminate this Agreement for any reason or without reason with 90 (ninety) days written notice (hereinafter " **Termination Notice** ") without further penalties or indemnification, provided however that Distributor may conclude any Pending Sale. For the purpose of this Section, Pending Sale shall be defined as any sale to a prospect end-user that the Distributor has provided with a written sales-quote prior to the end of the Termination Notice, to a total of no more than ten Pending Sales.

In case Supplier will terminate the contract under Section 9.3, Distributor can choose one of the following 2 options:

a. To continue to sell the product from his inventory

b. To sell back to Supplier all usable items in Distributor's inventory, at a 50% discount from the price paid by Distributor to Supplier. Supplier hereby undertakes to buy from Distributor according to these terms.

9.4 Termination of this Agreement shall not affect any obligations of either party incurred hereunder prior to such termination, or any obligations that expressly survive termination of this Agreement.

9.5 Distributor is aware that in certain jurisdictions and/or countries, local authorities require that a sole named importer of the Product is authorized to distribute the Product in the Territory. Therefore, distributor agrees to execute all documents required by the relevant authorities for the purpose of execution of this Agreement and shall further provide the Supplier, upon its first request with all documents and signatures required for the purpose of disengaging distributor as the Supplier's sole names distributor in the Territory as set forth in **Exhibit F** of this Agreement.

10. General Provisions

10.1 Relationship of the Parties. Distributor shall act as an independent contractor, purchasing Product(s) from Supplier and reselling them in the Territory. Distributor shall not act, and shall not be deemed as, agent for Supplier, nor shall Distributor have any right or power hereunder to act for or to bind Supplier in any respect. This Agreement shall not be deemed to create any employer-employee relationship between Supplier and Distributor, nor any agency, franchise, joint venture or partnership relationship between the parties.

10.2 Amendment of Policies and Exhibits. Supplier may at any time, by written notice to Distributor, amend its policies relating to service, Warranty, delivery, terms of sale, and/or amend the Exhibits hereto; provided, that substantial adjustments to the Product(s) and the Territory shall be made after Supplier has furnished Distributor with a ninety (90) days written notice.

10.3 Assignment. This Agreement and the Distributor's rights and obligations hereunder, shall not be assigned in whole or in part by the Distributor without the prior written consent of Supplier. Any attempted assignment or delegation without such consent shall be void and of no effect. The Parties agree that the Supplier shall have the right to assign all of its rights arid obligations under this Agreement to an entity not a party to this Distribution Agreement provided that such Entity undertakes the obligations of the Supplier.

10.4 Notices. Any and all notices permitted or required to be made under this Agreement shall be in writing, signed by the party giving such notice, and shall be delivered, personally or sent by facsimile or registered mail, to the other party at its address set forth in this Agreement, or the latest known address of the party. The date of personal delivery, facsimile confirmation date as stated on the facsimile transfer report, or ten (10) days after being sent by registered mail, shall be the date of such notice.

10.5 Publicity. It is agreed the Supplier may identify Distributor as a distributor of Supplier's Product(s) in advertisements and other promotional literature. It is further agreed that Distributor may identify to its customers that Supplier is a supplier of the Product(s) to Distributor. Neither party shall otherwise use the name of the other party in any advertising, publicity, promotional literature, brochures, sales aids or marketing tools without the prior written consent of such other party.

10.6 Agreement Governs. In the event of any conflict between the terms of this Agreement and the terms of any Supplier or Distributor purchase order, sales contract or acknowledgment used in connection with any individual sale or purchase, the terms of this Agreement shall overrule, unless otherwise expressly agreed to in writing by Distributor and Supplier at the time of such individual sale.

10.7 No Waiver. Failure to enforce any rights hereunder, irrespective of the length of time for which such failure continues, shall not constitute a waiver of those or any other rights, nor shall a waiver by either party in one or more instances be construed as constituting a continuing waiver or as a waiver in other instances.

10.8 Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by and interpreted in accordance with the laws of the State of Israel, without giving effect to principles of conflicts of law.

10.9 Settlement of Disputes. All disputes arising in connection with this Agreement shall be settled by mediation. The mediation shall be held in Tel Aviv, Israel. This provision shall expressly survive termination of this Agreement.

10.10 Complete Agreement. This Agreement, including the Exhibits hereto, constitutes the full and complete agreement of the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof. Except as otherwise provided in Section 10.2 above or elsewhere herein, this Agreement may not be amended or otherwise modified unless evidenced in writing and signed by Distributor and Supplier.

10.11 Severance. If any provision or provisions of this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, such provision(s) shall be severed, and the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The parties shall use all commercially reasonable efforts to agree upon a valid and enforceable provision for the severed provision(s), taking into account the intent of this Agreement.

10.12 Force Majeure. Failure of either party to perform its obligations under this Agreement (except the obligation to make payments) shall not subject such party to any liability or constitute a breach of this Agreement if such failure is caused by any event or circumstances beyond the reasonable control of such non-performing party, including without limitation acts of God, fire, explosion, flood, drought, war, riot, sabotage, embargo, strikes or other labor trouble, failure in whole or in part of suppliers to deliver on schedule materials, equipment or machinery, interruption of or delay in transportation (unless caused by the party so affected), a national health emergency or compliance with any order or regulation of any government entity. A party whose performance is affected by a force majeure event shall take prompt action to remedy the effects of such force majeure event.

10.13 Further Assurances. Each party shall execute and deliver such further instruments and do such further reasonable acts and things as reasonably may be required to carry out the intent and purpose of this Agreement.

10.14 Counterparts. This Agreement may be executed in any number of counterparts (including facsimile counterparts), each of which shall be original as against the party whose signature appears thereon, but all of which taken together shall constitute one and the same instrument.

10.15 Survival: Sections 1, 3, 5, 6, 7, 8, 9, and 10.15 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed by its duly authorized representative:

Inspire MD Ltd.	Distributor
Signature: /s/ Joshua Reichert, PHD Name: Joshua Reichert, PHD Title: VP, Sales & Marketing	Signature: /s/ Boleslaw Kukolewski Name: Boleslaw Kukolewski Title: Dyrector Generalny Hand - Prod Sp. 2.0.0.

EXHIBIT A – PRODUCT(S)

MGuard

EXHIBIT B – TERRITORY

Poland

EXHIBIT C STENT PRICES AND SALES MINIMUMS

Prices: XXXX Euro FOB Germany

	2008	2009	2010
Stent Quantity	XXXX	XXXX	XXXX
Total order value (in thousands Euro)	XXXX	XXXX	XXXX

Comments:

1. Sales minimum are defined in order values.

2. Sales minimums are listed on a yearly basis which Distributor must meet under this Distribution Agreement.

3. In addition to the yearly basis, Distributor must meet on a quarterly basis the cumulative proportional part of the quota.

4. In case the actual value of orders in 2008 exceeded the minimum order for 2008 as defined in this exhibit, the minimum sales for 2009 will be the greater of:

   i) The sales minimum as defined in this exhibit for 2009,
   ii) The actual sales in 2008 + 30%.

5. In case the actual value of orders in 2009 exceeded the minimum order for 2009 as defined in this exhibit, the minimum sales for 2010 will be the greater of:

   i) The sales minimum as defined in this exhibit for 2010,
   ii) The actual sales in 2009 4- 20%.

EXHIBIT D — PAYMENT SCHEDULE

Payment by Distributor: 30 days from delivery date

EXHIBIT E -PURCHASE ORDER

Purchase Order

Your Address 1 MYPO100
Your Address 2 Phone xxx-xxx-xxxx
City, State, Zip Country

Inspire MD

	Order Date: 30.06.2007
3 Menorat Hamaor St.,	Payment Terms: Irrevocable L/C 60 Days
Tel Aviv	FOB Point Shipping Point
Israel	Freight Terms: Freight Collect
Phone 972-3-691-7691	Acct Code:
FAX: 972-3-691-7692	Sales Tax:
Attn: Shahar Biderman	

Ship To:	Ship To:
Distributor	Distributor
Address 1	Address 1
Address 2	Address 2
City, State, Zip	City, State, Zip
Phone xxx-xxx-xxxx	Phone xxx-xxx-xxxx
Attn: name	Attn: name

Diameter	Length	Quantity	Description	Cat. No.	Ship Date	Ship Via
3.50	1.50	5,000	5000 Stents 1.5 cm length & 3.5 mm diameter	L1.5/D3.5	30.12.2007	Sea
3.00	2.10	250	250 Stents 2.1 cm length & 3mm diameter	L2.1/D3	31.11.2007	Air
3.50	1.50	250	250 Stents 1.5 cm length & 3.5 mm diameter	L1.5/D3.5		

Purchase Order Comments

THIS ORDER IS SUBJECT TO THE TERMS AND CONDITIONS ATTACHED.

Signature _____
Name:_____
Title:_____

EXHIBIT F
DISTRIBUTOR WAIVER

To: Inspire MD Ltd.
Menorat Hamaor 3
Tel Aviv, Israel

Distributor Waiver

Attn: Dr. Joshua Reichert

Hand-Prod Sp. hereby undertakes to sign, execute and deliver to you all required documents requested by the local regulatory authorities or other authorities as may be relevant, in order to allow Inspire MD to name another local importer for the purpose of distributing its products in Poland. Hand-Prod Sp. understands and acknowledges that InspireMD would suffer irreparable damages and great financial loss if it is unable to appoint a distributor of its choice in the Territory and therefore Hand-Prod Sp. undertakes to perform the above in a timely and efficient manner. Further Hand-Prod Sp. waives any rights with respect to it being the named importer in the Territory, or the registration rights to the Product(s) as provided for in the Distribution Agreement executed between Hand-Prod Sp. and the Supplier.

This letter does not release InspireMD of any obligations it has towards Hand-Prod Sp., including any financial claims Hand-Prod Sp. may have for services it preformed under the Distribution Agreement.

ADDENDUM TO THE DISTRIBUTION AGREEMENT
(the " Addendum ")

This Addendum is made and entered into on 3 rd October 2008 (the "Effective Date"), by and between Inspire MD Ltd. Ltd., a company organized under the laws of the State of Israel, located at Menorat Hamaor 3, Tel Aviv Israel **(** " **Inspire** " or " **Company** " **)** and Hand-Prod LLC having a principal place of business at Leszczynskiego 40A **(** " **Hand-Prod** " or **Distributor** " **),** each referred to as the " **Party** " **,** collectively as the " **Parties** " **.**

WHEREAS, the Parties have entered into a Distribution Agreement dated 10 th December 2007 for the purpose of the distribution of the Inspire Product as listed in the Distribution Agreement and in **Annex I** to this Addendum (the " **Inspire Distributed Product** " **)** under the terms and conditions as therein defined; and

WHEREAS, The Parties wish to amend the Distribution Agreement as to have the Distributor meet the quality assurance and traceability of the Inspire Product pursuant to the terms and conditions of this Addendum which shall become an integral part of the Distribution Agreement;

NOW, therefore, it is hereby agreed:

1. Products. The Inspire Products that are the subject matter of this Addendum are listed in **Annex I** which is an integral part of this Addendum.

2. Quality. The Distributor or any sub-distributor rendered by Distributor, shall be responsible for the implementation and maintenance of a Quality System that fulfills the requirements of Polish Law, including, *inter alia* recalls, notification to local authorities and document maintenance.

3. Post-Marketing Surveillance Program. Distributor shall maintain a Post-Marketing Surveillance Program (the " **PMSP** "). Inspire and the Distributor shall cooperate with each other in order to facilitate the efficient use of the PMSP. Said PMSP shall include, among others, immediate notification to both Inspire and Distributor in the event that a serious defect is discovered in a product which has already been released.

4. Documentation. Distributor shall maintain all written and electronic records required by any laws or regulations relating to the distribution of the Inspire Products. Further, Distributor shall submit all documentation requested by the authorities or notified bodies for inspection or for any other purpose, as instructed by Inspire from time to time,

5. Traceability of products. In order to ensure compliance with laws and regulations relating to the traceability of the products, Distributor undertakes to take all appropriate measures to ensure:

- backward traceability to Inspire (and where applicable, to the Authorized Representative (name and address of the Authorized Representative printed on Product packaging); and

- reasonable product traceability to users to minimize the risks in case of recall; and
- language requirements according to national legislation; and
- compliance with any other responsibilities, liabilities, and obligations as set forth in Council Directive 93/42/EEC for manufacturers and any other laws, statutes, directives and regulations promulgated by any governmental body that may apply to the manufacturing and distribution of products.

6. General Requirements :

6.1 Distributor is aware of the rules and regulations relating to modifications to the manufacturing process or to the product which are relevant for safety and for the CE documentation are those which could possible affect the essential requirements as defined in Distribution Agreement especially in respect to the established risk management in accordance with DIN EN ISO 14931:2007 and undertakes to comply with said regulations.

6.2 Inspire shall inform Distributor of the results of quality audits relevant the registration of the products, should such result require an amendment to the certificate.

7. Customer Complaints and Recalls. If a serious defect is discovered in a product which has already been distributed, Distributor shall immediately notify Inspire in writing, specifically where notifiable incidents or near-incidents according to §§ 28-31 MPG which are to be reported immediately in written form to the safety commissioner for medical products of Inspire.

8. This Addendum shall survive the termination of the Distribution Agreement for any reason, until all obligations to be fulfilled by Distributor have been met, including ail long term obligations such as the archiving of documentation.

Inspire MD Ltd.	Distributor
By: Ofir Paz	By: Miroslaw Cessak
Title: CEO	Title: Commercial Proxy

Annex I: Inspire Products

1. Products/articles:

Name of the Item	Type	Article Number	Range
Stent Implantation System	Mguard Coronary Stent System	MGC — ddll Explanation: dd = Diameter in mm/10 11 : leuth of stent	dd: 2.0 mm to 4.0 mm

Summary of discussion Hand-Prod — InspireMD June 20 th 2010

Date	Paid Stents	Free Stents	Price per stent (Euro)	Total Order price (Euro)	Comments
June 2010	XXXX	XXXX	XXXX	XXXX	1) The stents belong to Hand-Prod and will be placed in a special warehouse that belong to Hand-Prod. 2) Stents will be shipped to hand-Prod when order to send stents is received 3) Must be ordered within 6 months from the date the stents will be placed in the warehouse. 4) Hand Prod will pre pay for this order by InspireMD
July 2010	XXXX	XXXX	XXXX	XXXX	1) The stents belong to Hand-Prod and will be ‘ placed in a special warehouse that belong to Hand-Prod. 2) Stents will be shipped to hand-Prod when order to send stents is received 3) Payment for this order will be made after received the invoice for the June 2010 4) Must be ordered within 6 months. 5) Stents will shipped to Hand-Prod when order to send stents is received by InspireMD
2011	XXXX	XXXX	XXXX	XXXX	
2012	XXXX	XXXX	XXXX	XXXX	

Comments:

1. 57 stent from previous orders will or already shipped to Hand-Prod

2. When CoCr is available and registered for sale, InspireMD will supply the CoCr stents at the same cost

3. PCR: XXXX Euro will be paid by Inspire after invoices will be received

4. XXXX

   a. XXXX

5. Options: for their help in promoting the business in Poland — Hand Prod will receive options that represent XXXX USD in InspireMD prior to making the company public in the US stock market.

   a. This is subject to InspireMD approval by the Board of Directors.

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED BY INSPIREMD, INC. FOR CERTAIN PORTIONS OF THIS DOCUMENT. CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. OMITTED PORTIONS ARE INDICATED IN THIS AGREEMENT WITH “XXXX”.

Bank Mizrahi

Finance and International Trade Sector

105 Allenby Street,

Tel Aviv 65134

Discount Proposal

22.2.2011

To Mr. Bary Oren

InspireMD Ltd.

Fax 3-6917692

Subject: Terms for Factoring of Letter of Credit Number ex/61610/2/33412 for $1,200,000, payment date August 1, 2011 (the "LC") without recourse.

We would like to inform you that we are willing to factor, without recourse, the discussed LC that was opened by Kotak Mahindra Bank of India (the "Bank").

1. The factoring is being offered per the following terms:
    - The documents that will be presented to us will match all the conditions of the LC.
    - The Bank overseas will check the documents and will approve via SWIFT that the documents are correct and were received by it.
    - For payment at the time that was set per the LC.
    - The factoring will be executed after receipt from the issuing bank authorization of payment date.
    - Assignment of Rights will be signed per the drafting of the bank (see attached)
2. Cost of the Factoring:
    - Interest – Libor plus 1.75%
    - Factoring commissions 0.05%

      The calculation will be made by the Straight Discount method from the date of factoring until the date of payment with zero days grace and according to 360/365 days per year.
3. If the Bank charges us for any fees associated with the payment, these fees will be charged to you.
4. You will assign us all your rights regarding the LC in an irrevocable definitive assignment.
5. Our proposal is in effect until Feb. 28, 2011.

We would appreciate you approving receipt of this proposal and its terms that appear in it by your signature in the designated place on the page.

Sincerely,

Bank Mizrahi

Finance and International Trade Sector

Authorization of Receipt of Proposal by Customer

The signed below who's details appear above is requesting form Bank Mizrahi to execute the factoring as discussed.

Signature by InspireMD Ltd Feb. 22, 2011

To Bank Mizrahi Ltd

Finance and International Trade Sector

Feb. 22, 2011

Dear Sirs,

Subject: Non Recourse Assignment of Rights (LC)

Whereas an LC on our behalf number 4LYE-731 in which we are the beneficiary from the day October 26, 2011 by Kotak Mahindra Bank Ltd. India (the "Bank") for payment date of August 1, 2011 (the "LC").

Whereas per the LC we have financial rights to receive an amount of $1,200,000 from the Bank (the "Financial Rights").

Whereas we would like to assign to you our Financial Rights mentioned above in the framework of the factoring of the LC as agreed between us on Feb. 22, 2011 (date of signature by customer on factoring terms).

Thus:

I the undersigned ID Number / Company Number:

Assign to you with this complete and definitive non recourse assignement all of our Financial Rights listed above.

We declare and approve that by crediting our account number 195242 branch 94 in the amount of 1,187,844.50 (the amount of factoring after interest and commissions) will be have received full compensation regarding the factoring. This assignment is definite with without recourse.

We declare that no claim exists on the LC and that the buyer who opened the LC has no claims upon us regarding the deal, in which the LC was issued.

The signing of this will obligate us together and as individual.

Witnesses Signature:

InspireMD Ltd. Company No. 513679431 InspireMD Ltd. Company No. 513679431

For Internal Use:

I the Undersigned _____ (Left Blank) authorizes that the Letter of Assignment was signed by a signature that obligates the assignment by signature specimen and signatory rights that were provided to the branch. I hereby authorize that I checked the liens of the customer, account _____(left blank), branch _____ (left blank) and it is possible to execute the factoring of the LC.

_____

Signature of the Branch Manager /Authorized Signature (Left Blank)

August 26, 2011

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statements on Amendment No.1 to Form S-1 of InspireMD, Inc. of our report dated March 31 and June 13 , 2011 relating to the consolidated financial statements of InspireMD, Ltd. which appears in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

Kind Regards,

Tel-Aviv, Israel
August 26, 2011

/s/ 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