INSPIREMD, INC.

FORM 8-K
(Current report filing)

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

FORM 8-K

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

Date of Report (Date of earliest event reported): November 16, 2011

InspireMD, Inc.

(Exact Name of Registrant as Specified in Charter)

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

3 Menorat Hamaor St. Tel Aviv, Israel	67448
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 972-3-691-7691

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

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

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

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

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

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

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

On November 16, 2011, Sol J. Barer, Ph.D., a member of the board of directors of InspireMD, Inc. (the "Company") since July 11, 2011, was named the Company's chairman. In connection with his appointment as chairman, Dr. Barer was issued the following securities:

- 2,900,000 shares of the Company's common stock (the "Common Stock");
- An option to purchase 1,450,000 shares of Common Stock, which will vest and become exercisable in substantially equal monthly installments on the last business day of each calendar month over a two year period from the date of grant, with the first installment vesting on November 30, 2011;
- An option to purchase 725,000 shares of Common Stock, which will vest and become exercisable upon the date the Common Stock becomes listed on a registered national securities exchange (such as the New York Stock Exchange, NASDAQ Stock Market, or the NYSE AMEX), provided that such listing occurs on or before December 31, 2012; and
- An option to purchase 725,000 shares of Common Stock, which will vest and become exercisable upon the date the Company receives research coverage from at least two investment banks that ranked in the top twenty investment banks in terms of underwritings as of the most recently completed fiscal year, and/or leading analysts, as ranked by either the Wall Street Journal, the Financial Times, Zacks Investment Research or Institutional Investor, provided that the Company receives such coverage on or before December 31, 2012.

The exercise price for all of the above-referenced options is $1.95 per share and the vesting of each of the options is conditioned upon Dr. Barer providing services to the Company in some capacity on each such vesting date.

The foregoing description of the grant of shares of Common Stock is qualified in its entirety by reference to the full text of the stock award agreement entered into by the Company and Dr. Barer, a copy of which is attached as Exhibit 10.1 to this Current Report on Form 8-K.

The foregoing description of the options is qualified in its entirety by reference to the full text of the nonqualified stock option agreement granting the options entered into by the Company and Dr. Barer, a copy of which is attached as Exhibit 10.2 to this Current Report on Form 8-K.

Item 7.01 Regulation FD Disclosure

On November 17, 2011, the Company issued a press release announcing the appointment of Dr. Barer as the Company's chairman. A copy of that press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information contained in the accompanying exhibit shall not be incorporated by reference into any of the Company's filings, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference to such filing. The information in this press release shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
10.1	Stock Award Agreement, dated as of November 16, 2011, by and between InspireMD, Inc. and Sol J. Barer, Ph.D.
10.2	Nonqualified Stock Option Agreement, dated as of November 16, 2011, by and between InspireMD, Inc. and Sol J. Barer, Ph.D.
99.1	Press Release of InspireMD, Inc., dated November 17, 2011

SIGNATURES

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

INSPIREMD, INC.

Date: November 18, 2011

By: 

Name: Craig Shore
Title: Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
10.1	Stock Award Agreement, dated as of November 16, 2011, by and between InspireMD, Inc. and Sol Barer, Ph.D.
10.2	Nonqualified Stock Option Agreement, dated as of November 16, 2011, by and between InspireMD, Inc. and Sol J. Barer, Ph.D.
99.1	Press Release of InspireMD, Inc., dated November 17, 2011

INSPIREMD, INC.

STOCK AWARD AGREEMENT

1. Grant of Stock Award . Pursuant to this stock award agreement (this " ***Agreement*** "), InspireMD, Inc., a Delaware corporation (the " ***Company*** "), hereby grants to

Sol J. Barer Ph.D
(the " ***Grantee*** ")

an award of two million nine hundred thousand (2,900,000) shares (the " ***Awarded Shares*** ") of common stock of the Company, par value $0.0001 per share (" ***Common Stock*** "). The " ***Date of Grant*** " of this award is November 16, 2011.

2. Delivery of Certificates; Registration of Shares . The Company shall deliver certificates for the Awarded Shares to the Grantee or shall register the Awarded Shares in the Grantee's name, as soon as reasonably practicable following the execution of this Agreement.

3. Legend . The following legend shall be inserted on a certificate evidencing the Award Shares if the shares were not issued in a transaction registered under the applicable federal and state securities laws:

> "Shares of stock represented by this certificate have been acquired by the holder for investment and not for resale, transfer or distribution, have been issued pursuant to exemptions from the registration requirements of applicable state and federal securities laws, and may not be offered for sale, sold or transferred other than pursuant to effective registration under such laws, or in transactions otherwise in compliance with such laws, and upon evidence satisfactory to the Company of compliance with such laws, as to which the Company may rely upon an opinion of counsel satisfactory to the Company."

4. Rights of a Stockholder . The Grantee shall have, with respect to the Awarded Shares, all of the rights of a stockholder of the Company, including the right to vote the shares, and the right to receive any dividends thereon.

5. Adjustments . In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, rights offering, reorganization, merger, consolidation, split-up, spin-off, split-off, combination, subdivision, repurchase, or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event affects the fair value of the Awarded Shares, then the Company shall adjust the number of Awarded Shares so that the fair value of the Awarded Shares immediately after the transaction or event is equal to the fair value of the Awarded Shares immediately prior to the transaction or event. Such adjustments shall be made in accordance with the rules of any securities exchange, stock market, or stock quotation system to which the Company is subject.

6. Voting . The Grantee, as record holder of the Awarded Shares, has the exclusive right to vote, or consent with respect to, such Awarded Shares; provided , however , that this Section shall not create any voting right where the holders of such Awarded Shares otherwise have no such right.

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

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

9. Investment Representation . Notwithstanding anything herein to the contrary, the Grantee hereby represents and warrants to the Company, that:

(a) The Grantee acknowledges that the Awarded Shares have not been registered under the Securities Act of 1933, as amended (the " ***Securities Act*** "), and that the Company's reliance on an exemption from the Securities Act depends, in part, upon the truth and accuracy of the Grantee's representations set forth herein.

(b) The Grantee is acquiring the Awarded Shares for his own account, for investment purposes only, and not with a view to the distribution, resale or other disposition not in compliance with the Securities Act and applicable state securities laws.

(c) The Grantee is an "accredited investor" as such term is defined in Rule 501 promulgated under the Securities Act.

(d) The decision of the Grantee to acquire the Awarded Shares for investment has been based solely upon the evaluation made by the Grantee.

(e) The Grantee recognizes and understands that the Awarded Shares may not be sold, transferred, or otherwise disposed of without registration under the Securities Act or an exemption therefrom, and that in the absence of an effective registration statement or an available exemption, he must hold such Awarded Shares indefinitely. The Grantee further acknowledges that Rule 144 promulgated under the Securities Act may not be applicable to the Awarded Shares and understands that the Company will not be obligated to make the filings and reports, or make publicly available the information, which is a condition to the availability of Rule 144. The Grantee further recognizes that the Company is under no obligation to register the Awarded Shares or to comply with any exemption from such registration. The Grantee understand that the certificates representing the Awarded Shares may carry one or more legends incorporating such restrictions.

(f) The Grantee acknowledges that he is a sophisticated investor, having such knowledge and experience in financial and business matters as to be capable of making an informed investment decision with respect to the acquisition of the Awarded Shares and that he has the financial wherewithal to absorb the loss of any investment in the Awarded Shares.

(g) The Grantee acknowledges receipt of all information he considers necessary or appropriate for deciding and evaluating the merits and risks of my acquiring and holding the Awarded Shares. The Grantee acknowledge that he has had an opportunity to ask questions and to receive answers from the Company regarding the Awarded Shares and the business properties, prospects and financial condition of the Company and to obtain additional information necessary to verify the accuracy of any information furnished to him or to which he had access.

(h) The Grantee acknowledges that applicable securities laws provide restrictions on the ability of stockholders to sell, transfer, assign, mortgage, hypothecate, or otherwise encumber their Awarded Shares and places certain other restrictions on the Grantee; and

Unless the Awarded Shares are issued to the Grantee in a transaction registered under the applicable federal and state securities laws, all certificates issued with respect to the Awarded Shares shall bear an appropriate restrictive investment legend and shall be held indefinitely, unless they are subsequently registered under the applicable federal and state securities laws or the Grantee obtains an opinion of counsel, in form and substance satisfactory to the Company and its counsel, that such registration is not required.

10. Grantee's Acknowledgments . The Grantee hereby accepts this award subject to all the terms and provisions of this Agreement. The Grantee hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Company upon any questions arising under this Agreement.

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

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

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

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

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

16. Modification . No change or modification of this Agreement shall be valid or binding upon the parties unless the change or modification is in writing and signed by the parties.

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

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

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

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

InspireMD, Inc.
3 Menorat Hamaor St.
Tel Aviv, Israel 67448
Attn: Craig Shore
Facsimile: 972-3-691-7692

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

20. Tax Requirements . The Grantee is hereby advised to consult immediately with his or her own tax advisor regarding the tax consequences of this Agreement. The Company or, if applicable, any subsidiary (for purposes of this Section 20 , the term " ***Company*** " shall be deemed to include any applicable subsidiary), shall have the right to deduct from all amounts paid in cash or other form, any federal, state, local, or other taxes required by law to be withheld in connection with this Agreement. The Company may, in its sole discretion, also require the Grantee to pay the Company the amount of any taxes that the Company is required to withhold in connection with the Grantee's income arising with respect to this Agreement. Such payments shall be required to be made when requested by Company and may be required to be made prior to the delivery of any certificate representing the Awarded Shares. Such payment may be made (i) by the delivery of cash to the Company in an amount that equals or exceeds (to avoid the issuance of fractional shares under (iii) below) the required tax withholding obligations of the Company; (ii) if the Company, in its sole discretion, so consents in writing, the actual delivery by the Grantee to the Company of shares of Common Stock, other than (A) restricted stock, or (B) Common Stock that the Grantee has acquired from the Company within six (6) months prior thereto, which shares so delivered have an aggregate fair market value that equals or exceeds (to avoid the issuance of fractional shares under (iii) below) the required tax withholding payment; (iii) if the Company, in its sole discretion, so consents in writing, the Company's withholding of a number of shares to be delivered pursuant to this Award, which shares so withheld have an aggregate fair market value that equals (but does not exceed) the required tax withholding payment; or (iv) any combination of (i), (ii), or (iii). The Company may, in its sole discretion, withhold any such taxes from any other cash remuneration otherwise paid by the Company to the Grantee.

* * * * * * * * * *

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

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

COMPANY:

InspireMD, Inc.

By: /s/ Craig Shore
Name: Craig Shore
Title: Chief Financial Officer

GRANTEE:

/s/ Sol J . Barer

Name: Sol J. Barer, Ph.D.
Address:

INSPIREMD, INC.

NONQUALIFIED STOCK OPTION AGREEMENT

1. Grant of Option . Pursuant to this nonqualified stock option agreement (this " ***Agreement*** "), InspireMD, Inc., a Delaware corporation (the " ***Company*** "), hereby grants to

Sol J. Barer Ph.D
(the " ***Optionee*** ")

an option (the " ***Stock Option*** ") to purchase the following full shares (the " ***Optioned Shares*** ") of common stock of the Company, par value $0.0001 per share (the " ***Common Stock*** "), at an exercise price equal to $1.95 per share (being the fair market value per share of the Common Stock on the Date of Grant):

a. One million four hundred fifty thousand (1,450,000) full shares of Common Stock (" ***Tranche A Shares*** ");

b. Seven hundred twenty-five thousand (725,000) full shares of Common Stock (" ***Tranche B Shares*** "); and

c. Seven hundred twenty-five thousand (725,000) full shares of Common Stock (" ***Tranche C Shares*** ").

The " ***Date of Grant*** " of this Stock Option is November 16, 2011. The Stock Option is a nonqualified stock option. This Stock Option is intended to comply with the provisions governing nonqualified stock options under the final Treasury Regulations issued on April 17, 2007, in order to exempt this Stock Option from application of Section 409A of the Internal Revenue Code of 1986, as amended (the " ***Code*** ").

2. Vesting; Time of Exercise . Except as specifically provided in this Agreement, the Optioned Shares shall become vested and exercisable as provided below:

a. The Tranche A Shares shall vest and become exercisable in substantially equal monthly installments (with any fractional shares vesting on the last vesting date) on the last business day of each calendar month over a two (2) year period from the Date of Grant, with the first installment vesting on November 30, 2011 (each monthly vesting date being referred to as a " ***Tranche A Vesting Date*** "), provided that the Optionee is providing services (as an employee, outside director or consultant) to the Company on the applicable Tranche A Vesting Date.

b. The Tranche B Shares shall vest and become exercisable upon the date the Company becomes listed on a registered national securities exchange (such as the New York Stock Exchange (NYSE), NASDAQ Stock Market, or the American Stock Exchange (AMEX)), provided that such listing occurs on or before December 31, 2012, and further provided that the Optionee is providing services (as an employee, outside director or consultant) to the Company on the applicable vesting date.

c. The Tranche C Shares shall vest and become exercisable on the date that the Company receives research coverage from at least two (2) investment banks that ranked in the top twenty (20) investment banks in terms of underwritings as of their most recently completed fiscal year, and/or leading analysts, as ranked by either the Wall Street Journal, the Financial Times, Zacks Investment Research or Institutional Investor, provided that the Company receives such coverage on or before December 31, 2012, and further provided that the Optionee is providing services (as an employee, outside director or consultant) to the Company on the applicable vesting date.

In the event that a Transaction occurs, the total Optioned Shares not previously vested shall thereupon immediately become fully vested and this Stock Option shall become fully exercisable, if not previously so exercisable. For purposes of this Agreement, a " ***Transaction*** " means any of the following events: (a) a merger or consolidation of the Company (a "Merger") with or into any company (the " ***Successor Company*** ") resulting in the Successor Company being the surviving entity; or (b) an acquisition of: (i) all or substantially all of the Shares or assets of the Company in one or more related transactions to another party (a " ***Share Sale*** "), or (ii) all or substantially all of the assets of the Company, in one or more related transactions to another party, in each case such acquirer of Shares or assets is referred to herein as the "Acquiring Company".

Notwithstanding this Section 2 , in the event the Optionee (i) is terminated without "Cause" (as defined in Section 3.d. below); (ii) is not reelected as a director by the Company's stockholders, (iii) is not nominated for reelection as a director by the Company's stockholders or (iv) dies or becomes Disabled, the Tranche A Shares shall immediately become 100% vested and exercisable on the date thereof, as applicable, provided that the Optionee has continuously provided services to the Company as an employee, consultant, or outside director through that date and the Stock Option has not otherwise been forfeited by the Optionee in accordance with Section 3 below. For purposes hereof, "Disabled" means that the Optionee has terminated his services to the Company due to a "disability" (within the meaning of section 22(e)(3) of the Code).

3. Term; Forfeiture .

a. The " ***Option Period*** " shall commence on the Date of Grant and shall expire on the date immediately preceding the tenth (10th) anniversary of the Date of Grant, unless terminated earlier in accordance with this Section 3 .

b. The Tranche B Shares and Tranche C Shares shall terminate at 5 p.m. on December 31, 2012 if the vesting conditions described in Section 2 have not been achieved by such date.

c. Except as otherwise provided in this Agreement, to the extent the unexercised portion of the Stock Option relates to Optioned Shares which are not vested on the date the Optionee terminates all service (as an employee, outside director or consultant) with the Company for any reason, the Stock Option will be terminated on that date. The unexercised portion of the Stock Option that relates to Optioned Shares which are vested will terminate on the first of the following to occur:

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

ii. Immediately upon the Optionee's termination of service for Cause (as defined below);

iii. 5 p.m. on the date which is twelve (12) months following the date the Optionee voluntarily ceases to provide services to the Company for any reason.

d. For the purposes hereof, " ***Cause*** " shall exist if the Optionee (i) breaches any of the material terms or conditions of any agreement to provide services to the Company, including, without limitation, the breach of any duty of non-disclosure or non-competition; (ii) engages in willful misconduct or acts in bad faith with respect to the Company or any of its subsidiaries or affiliates; or (iii) is convicted of a criminal offence involving moral turpitude.

e. Notwithstanding anything herein to the contrary, if the Optionee is terminated for Cause, then all Optioned Shares (including vested Optioned Shares), whether exercisable or not on the date that the Company delivers to the Optionee a termination notice, shall expire and may not be exercised.

4. Who May Exercise . Subject to the terms and conditions set forth in Sections 2 and 3 above, during the lifetime of the Optionee, the Stock Option may be exercised only by the Optionee, or by the Optionee's guardian or personal or legal representative. If Optionee dies prior to the dates specified in Section 3 hereof, and the Optionee has not exercised the Stock Option as to the maximum number of vested Optioned Shares as set forth in Section 2 hereof as of the date of death, the following persons may exercise the exercisable portion of the Stock Option on behalf of the Optionee at any time prior to the dates specified in Section 3 hereof: the personal representative of his estate, or the person who acquired the right to exercise the Stock Option by bequest or inheritance or by reason of the death of the Optionee; provided that the Stock Option shall remain subject to the other terms of this Agreement and applicable laws, rules, and regulations.

5. No Fractional Shares . The Stock Option may be exercised only with respect to full shares, and no fractional share of Common Stock shall be issued.

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

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

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

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

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

9. Adjustment of Number of Optioned Shares and Related Matters . The number of Optioned Shares covered by the Stock Option, and the exercise price, shall be subject to adjustment as follows:

a. In the event that the shares of Common Stock of the Company are subdivided or combined into a greater or smaller number of shares, or if the shares of Common Stock of the Company are exchanged for other securities of the Company, by reason of a reclassification, recapitalization, consolidation, reorganization, dividend or other distribution (whether in the form of cash, stock or other property), stock split, spin-off, combination or exchange of shares, repurchase of shares, change in corporate structure or otherwise, then the Optionee shall be entitled, upon exercise of the Stock Option and subject to the conditions herein stated, to purchase such number of shares of Common Stock or such other securities of the Company as were exchangeable for the number of shares of Common Stock of the Company which the Optionee would have been entitled to purchase had the Optionee exercised the Stock Option immediately prior to such an event, and appropriate adjustments shall be made in the exercise price per share to reflect such subdivision, combination or exchange.

b. Subject to paragraph (c) below, in the event of a Transaction (as defined below), while unexercised Optioned Shares remain, the Company determines in good faith that adjustment is required in order to preserve the benefits or potential benefits to the Optionee, the Company may at its sole discretion (1) cause the Stock Option to be substituted with the corresponding and adjusted number of options to purchase shares of the surviving entity (or an affiliated entity of the surviving entity) - of the same class and the same substitution rate as the shares received by the holders of shares of Common Stock of the Company in exchange for their Common Stock, or (2) in the event holders of the shares of Common Stock received cash as consideration for their shares in the Transaction, cause the Stock Option to be cancelled in exchange for a cash payment equal to the cash the Optionee would have received had he exercised the Stock Option immediately prior to the Transaction, as adjusted for the payment of the appropriate exercise price. In the case of such substitution, appropriate adjustments shall be made in the quantity and exercise price to reflect such action, and all other material terms and conditions of the Agreement shall remain in force.

c. In the event that of any of the following events (each a " ***Transaction*** "):

i. a merger or consolidation of the Company with or into any company (the " ***Successor Company*** ") resulting in the Successor Company being the surviving entity; or

ii. an acquisition of: (A) all or substantially all of the shares or assets of the Company in one or more related transactions to another party, or (B) all or substantially all of the assets of the Company, in one or more related transactions to another party, in each case such acquirer of shares or assets is referred to herein as the " ***Acquiring Company*** ";

the Successor Company or the Acquiring Company shall have the right, among other alternatives, to substitute the Stock Option for its own securities (the " ***Substitute Shares*** ") or to retain this Agreement with no change. In the event the Successor Company or the Acquiring Company chooses to substitute the Stock Option for Substitute Shares, appropriate equitable adjustments shall be made in the purchase price per share of the Substitute Shares, and all other terms and conditions of the Agreement shall remain in force.

The Company shall determine the specific adjustments to be made under this Section 9 , and its determination shall be conclusive. Notwithstanding anything herein to the contrary, no such adjustment shall be made or authorized to the extent that such adjustment would cause the Stock Option or this Agreement to violate Section 409A of the Code. Such adjustments shall be made in accordance with the rules of any securities exchange, stock market, or stock quotation system to which the Company is subject.

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

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

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

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

14. Optionee's Acknowledgments . The Optionee hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Company, upon any questions arising under this Agreement.

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

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

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

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

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

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

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

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

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

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

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

InspireMD, Inc.
3 Menorat Hamaor St.
Tel Aviv, Israel 67448
Attn: Craig Shore
Facsimile: 972-3-691-7692

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

25. Tax Requirements . The Optionee is hereby advised to consult immediately with his or her own tax advisor regarding the tax consequences of this Agreement. The Company or, if applicable, any subsidiary (for purposes of this Section 25 , the term " ***Company*** " shall be deemed to include any applicable subsidiary), shall have the right to deduct from all amounts paid in cash or other form, any federal, state, local, or other taxes required by law to be withheld in connection with this Agreement. The Company may, in its sole discretion, also require the Optionee receiving Optioned Shares to pay the Company the amount of any taxes that the Company is required to withhold in connection with the Optionee's income arising with respect to the Stock Option. Such payments shall be required to be made when requested by Company and may be required to be made prior to the delivery of any Optioned Shares. Such payment may be made (i) by the delivery of cash to the Company in an amount that equals or exceeds (to avoid the issuance of fractional shares under (iii) below) the required tax withholding obligations of the Company; (ii) if the Company, in its sole discretion, so consents in writing, the actual delivery by the exercising Optionee to the Company of shares of the Company's common stock, which shares so delivered have an aggregate fair market value that equals or exceeds (to avoid the issuance of fractional shares under (iii) below) the required tax withholding payment; (iii) if the Company, in its sole discretion, so consents in writing, the Company's withholding of a number of Optioned Shares to be delivered upon the exercise of this Stock Option, which shares so withheld have an aggregate fair market value that equals (but does not exceed) the required tax withholding payment; or (iv) any combination of (i), (ii), or (iii). The Company may, in its sole discretion, withhold any such taxes from any other cash remuneration otherwise paid by the Company to the Optionee.

* * * * * * * *

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

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

COMPANY:

InspireMD, Inc.

By: /s/ Craig Shore
Name: Craig Shore
Title: Chief Financial Officer

OPTIONEE:

/s/ Sol J . Barer

Name: Sol J. Barer, Ph.D.
Address:

InspireMD Elects Sol J. Barer, Ph.D. Chairman of the Board of Directors

Founder of Celgene Agrees to Chair the Board

Tel-Aviv, November 17, 2011 -- InspireMD, Inc. (OTC BB: NSPR) ("InspireMD" or the "Company"), a medical device company focusing on the development and commercialization of its proprietary stent platform technology, today announced that Sol J. Barer, Ph.D., a current member of the Company's board of directors and the former Chairman and CEO of Celgene Corporation, has been elected the Chairman of InspireMD's Board of Directors, effective immediately. InspireMD thanks Asher Holzer for his contributions as chairman and leading the Company to its current successful stage. Mr. Holzer will continue as President of the Company and a member of the Board of Directors.

Dr. Barer commented, "Since I joined the Board of Directors mid-year, I have become increasingly impressed with the Company's potential and am very pleased to have been asked to take the Chairman's role. I look forward to working with the Board and management in developing products and securing regulatory approval for life-saving products and positioning the Company for enhanced shareholder value."

Dr. Barer has more than 30 years experience with publicly traded biotechnology companies. In 1980, he was with Celanese Research Company when he formed the biotechnology group that was subsequently spun out to form Celgene. Dr. Barer spent 18 years leading Celgene, holding the positions of president, COO and Chairman and CEO during different periods, culminating with his tenure as Celgene's Executive Chairman before retiring in June of 2011. Celgene's market capitalization at his retirement was approximately $27 billion. Dr. Barer serves on the Board of several companies including: Amicus Therapeutics, Inc., Aegerion Pharmaceuticals, Inc., ContraFect Corp., Cerecor Corp and Edge Therapeutics, Inc. He serves as Chairman of BioNJ Inc., the 300 company biotechnology organization of New Jersey, as Chairman of the Governor of New Jersey's UMDNJ Advisory Committee and advises several corporations.

Asher Holzer added, "I am pleased that Dr. Barer has agreed to become chairman of InspireMD, and I am confident that his experience will help the Company reach the next level."

About InspireMD Inc.

InspireMD is a medical device company focusing on the development and commercialization of its proprietary stent system technology, MGuard ™ . InspireMD intends to pursue applications of this technology in coronary, carotid and peripheral artery procedures. InspireMD's common stock is listed on the OTC BB under the ticker symbol "NSPR".

Forward-looking Statements:

This press release contains "forward-looking statements." Such statements may be preceded by the words "intends," "may," "will," "plans," "expects," "anticipates," "projects," "predicts," "estimates," "aims," "believes," "hopes," "potential" or similar words. Forward-looking statements are not guarantees of future performance, are based on certain assumptions and are subject to various known and unknown risks and uncertainties, many of which are beyond the Company's control, and cannot be predicted or quantified and consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, risks and uncertainties associated with (i) market acceptance of our existing and new products, (ii) negative clinical trial results or lengthy product delays in key markets, (iii) an inability to secure regulatory approvals for the sale of our products, (iv) intense competition in the medical device industry from much larger, multi-national companies, (v) product liability claims, (vi) our limited manufacturing capabilities and reliance on subcontractors for assistance, (vii) insufficient or inadequate reimbursement by governmental and other third party payers for our products, (viii) our efforts to successfully obtain and maintain intellectual property protection covering our products, which may not be successful, (ix) legislative or regulatory reform of the healthcare system in both the U.S. and foreign jurisdictions, (x) our reliance on single suppliers for certain product components, (xi) the fact that we will need to raise additional capital to meet our business requirements in the future and that such capital raising may be costly, dilutive or difficult to obtain and (xii) the fact that we conduct business in multiple foreign jurisdictions, exposing us to foreign currency exchange rate fluctuations, logistical and communications challenges, burdens and costs of compliance with foreign laws and political and economic instability in each jurisdiction. More detailed information about the Company and the risk factors that may affect the realization of forward-looking statements is set forth in the Company's filings with the Securities and Exchange Commission, including the Company's Registration Statement on Form S-1 filed with the SEC on October 12, 2011. Investors and security holders are urged to read these documents free of charge on the SEC's web site at www.sec.gov. The Company assumes no obligation to publicly update or revise its forward-looking statements as a result of new information, future events or otherwise.

Company Contact:
www.inspire-md.com
Jonina Ohayon
Marketing Director
jonina@inspire-md.com
OTC BB: NSPR

Investor Contact:

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