

INSPIREMD, INC.

FORM 8-K (Current report filing)

Filed 07/15/11 for the Period Ending 07/11/11

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| Address | 321 COLUMBUS AVENUE BOSTON, MA 02116 |
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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): July 11, 2011

InspireMD, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or other jurisdiction
of incorporation)

333-162168

(Commission File Number)

26-2123838

(IRS Employer
Identification No.)

3 Menorat Hamaor St.
Tel Aviv, Israel

(Address of principal executive offices)

67448

(Zip Code)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4 (c) under the Exchange Act (17 CFR 240.13e-4(c))

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

On July 11, 2011, Ofir Paz resigned as Class I member of the Board of Directors of the Company (the “Board”) and was appointed by the Board as a Class III member of the Board, with a term expiring at the Company’s 2014 annual meeting of stockholders.

On July 11, 2011, the Board appointed Sol J. Barer, Ph.D. as a Class I member of the Board to fill the vacancy created by Mr. Paz’s resignation, with a term expiring at the Company’s 2012 annual meeting of stockholders. In connection with his appointment, Dr. Barer 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 “\$1.50 Option”). The \$1.50 Option is exercisable immediately and expires on September 30, 2011. The foregoing description of the \$1.50 Option is qualified in its entirety by reference to the full text of the nonqualified stock option agreement granting the \$1.50 Option 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.

In addition, in connection with his appointment, Dr. Barer 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 (the “\$2.50 Option”), 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 \$2.50 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 Dr. Barer 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 Dr. Barer’s failure to be reelected or nominated. The \$2.50 Option has a term of 10 years from the date of grant. The foregoing description of the \$2.50 Option is qualified in its entirety by reference to the full text of the nonqualified stock option agreement granting the \$2.50 Option 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.

On July 11, 2011, Dr. Barer also entered into an Indemnity Agreement with the Company. Pursuant to the Indemnity Agreement, the Company agreed to fully indemnify Dr. Barer in connection with any proceedings or actions, subject to certain limitations, resulting from Dr. Barer’s service as a director. The foregoing description of the Indemnity Agreement is qualified in its entirety by reference to the full text of the Indemnity Agreement, a copy of which is attached as Exhibit 10.3 to this Current Report on Form 8-K.

Item 7.01 Regulation FD Disclosure

On July 13, 2011, the Company issued a press release announcing the appointment of Dr. Barer to the Board. 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.

Item 9.01 Financial Statements and Exhibits.

| Number | Description of Exhibit |
|---------------|---|
| 10.1 | \$1.50 Nonqualified Stock Option Agreement, dated as of July 11, 2011, by and between InspireMD, Inc. and Sol J. Barer, Ph.D. |
| 10.2 | \$2.50 Nonqualified Stock Option Agreement, dated as of July 11, 2011, by and between InspireMD, Inc. and Sol J. Barer, Ph.D. |
| 10.3 | Indemnity Agreement, dated as of July 14, 2011, by and between InspireMD, Inc. and Sol J. Barer, Ph.D. |
| 99.1 | Press Release of InspireMD, Inc., dated July 11, 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: July 15, 2011

By: /s/ Craig Shore

Name: Craig Shore

Title: Chief Financial Officer

EXHIBIT INDEX

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| 99.1 | Press Release of InspireMD, Inc., dated July 11, 2011 |

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 one million (1,000,000) full shares (the “**Optioned Shares**”) of the Company’s common stock, par value, \$0.0001 per share (the “**Shares**”) at an exercise price equal to \$1.50 per share (the “**Exercise Price**”). The “**Date of Grant**” of this Stock Option is July 11, 2011. The Stock Option is a nonqualified stock option. The Company intends for this Stock Option and any payments made pursuant thereto, to be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the “**Code**”), as a “short-term deferral” within the meaning of Treasury Regulation Section 1.409A-1(b)(4), and agrees to interpret this Agreement at all times in accordance with such intent.

2. Vesting; Time of Exercise. Except as specifically provided in this Agreement, the Optioned Shares shall be vested and exercisable as follows: one hundred percent (100%) of the total Optioned Shares shall vest and that portion of the Stock Option shall be exercisable on the Date of Grant.

3. Term; Forfeiture. The “**Option Period**” shall commence on the Date of Grant and shall expire on the earlier of (a) September 30, 2011, or (b) the date of the Optionee’s termination of service with the Company for any reason. The unexercised portion of the Stock Option will terminate at 5 p.m. on the date the Option Period terminates. Notwithstanding anything herein to the contrary, neither the Company, nor the Optionee may, by agreement or otherwise, extend the Option Period for any reason beyond December 31, 2011.

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 date 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 date 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 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 Stock Option, and right to purchase such Optioned Shares may 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 or her execution of this Agreement, agrees to execute any documents 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 Prices thereof, shall be subject to adjustment as follows:

a. In the event that the Shares of the Company are subdivided or combined into a greater or smaller number of shares, or if the Shares 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 or such other securities of the Company as were exchangeable for the number of Shares 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 the Company in exchange for their Shares, or (2) in the event holders of the Shares 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 cash 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* ”):

(1) 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

(2) 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 Optioned Shares to the Optionee hereunder, if the exercise thereof or the issuance of such Optioned 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 (ii) 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/ S ol Barer
Signature

Name: S ol J. Barer, Ph.D.
Address: 2 Barer Lane
Mendham, New Jersey 07945

NONQUALIFIED STOCK OPTION AGREEMENT

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

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

Sol J. Barer, Ph.D.
(the “*Participant*”),

an option to purchase Shares of the Company as follows:

On the date hereof, the Company grants to the Participant an option (the “*Stock Option*”) to purchase five hundred thousand (500,000) full Shares (the “*Optioned Shares*”) at an Exercise Price equal to \$2.50 per share. The “*Date of Grant*” of this Stock Option is July 11, 2011.

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 Section 4 below. The Stock Option is a nonqualified stock option. This nonqualified stock option agreement (this “*Agreement*”) and Stock Option are intended to comply with the provisions governing nonqualified stock options under the final Treasury Regulations issued on April 17, 2007, in order to exempt this Stock Option from application of Section 409A of the Code.

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

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

a. Fifty percent (50%) of the total Optioned Shares shall vest and become exercisable on the first anniversary of the Date of Grant, provided that the Participant has continuously provided services to the Group as an employee, consultant, or outside director through that date.

b. The remaining fifty percent (50%) of the total Optioned Shares shall vest and become exercisable on the second anniversary of the Date of Grant, provided that the Participant has continuously provided services to the Group as an employee, consultant, or outside director through that date.

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

Notwithstanding paragraphs (a) and (b) above, in the event the Participant 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 Optioned Shares shall immediately become 100% vested and exercisable on the date of the failure to be reelected or nominated, as applicable, provided that the Participant has continuously provided services to the Group as an employee, consultant, or outside director through that date and the Stock Option has not otherwise been forfeited by the Participant.

4. Term; Forfeiture .

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

- i. 5 p.m. on the date the Option Period terminates;
- ii. 5 p.m. on the date which is twenty-four (24) months following the date of the Participant's termination of service due to death;
- iii. 5 p.m. on the date which is twelve (12) months following the date of the Participant's termination of service due to disability;
- iv. 5 p.m. on the date which is ninety (90) days following the date of the Participant's termination of service by the Company without Cause (as defined below);
- v. 5 p.m. on the date of the Participant's termination of service for Cause (as defined below);
- vi. 5 p.m. on the date which is thirty (30) days following the date of the Participant's termination of service for any reason not otherwise specified in this Section 4.a. ;
- vii. 5 p.m. on the date the Company causes any portion of the Stock Option to be forfeited pursuant to Section 7 hereof.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

* * * * *

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

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

COMPANY:

INSPIREMD, INC.

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

PARTICIPANT:

/s/ S ol Barer
Signature

Name: S ol J. Barer, Ph.D.
Address: 2 Barer Lane
Mendham, New Jersey 07945

INDEMNITY AGREEMENT

This Indemnity Agreement, dated as of July 11, 2011, is made by and between InspireMD, Inc., a Delaware corporation (the “Company”), and Sol J. Barer, Ph.D. (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 exculpatory 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: /s/ Craig Shore
Name: Craig Shore
Title: Chief Financial Officer
Address: 3 Menorat Hamaor St.
Tel Aviv, Israel 67448

INDEMNITEE:

By: /s/ S ol Barer
S ol J. Barer, Ph.D.

Address: 2 Barer Lane
Mendham, New Jersey 07945

SIGNATURE PAGE TO INDEMNITY AGREEMENT

Sol J. Barer, Ph.D. joins InspireMD Board of Directors

Founder of Celgene, 30-Plus Year Biotechnology Business Leader, Becomes Director

Tel-Aviv, June 13, 2011 – InspireMD, Inc. (OTC BB: NSPR) (“InspireMD” or the “Company”), the developer of the MGuard™ mesh protective stent system, announced today that Sol J. Barer, a biotechnology industry veteran, and the founder and former Chairman, President, COO and CEO of Celgene, a Nasdaq-Listed Company (NASDAQ: CELG), has joined the Company’s Board of Directors.

Dr. Barer brings to InspireMD 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. Dr. Barer spent 18 years leading Celgene as President, COO and CEO, culminating with his tenure as Celgene’s Executive Chairman and Chairman before retiring in June of 2011. Celgene’s market capitalization at his retirement was approximately \$27 billion.

Dr. Barer is a Director of Amicus Therapeutics, Inc., Aegerion Pharmaceuticals, Inc. and ContraFect Corp. and serves as a senior advisor to a number of other biotechnology companies. Dr. Barer also serves as Chairman of the Board of Trustees of the Biotechnology Council of New Jersey and is on the Board of Trustees of Rutgers University, the Brooklyn College Foundation and the Tourette Syndrome Association. Dr. Barer was previously the Commissioner of the New Jersey Commission on Science and Technology. Dr. Barer holds a Ph.D. in organic chemistry from Rutgers University and a bachelor’s degree from Brooklyn College.

Asher Holzer, co-founder and President of InspireMD, commented, “It is an honor to add such an accomplished and recognized biotechnology leader like Sol Barer to our Board of Directors. I am confident we will benefit from Dr. Barer’s experience, expertise and industry relationships as we pursue FDA approval and build a first-rate sales and marketing organization. Dr. Barer’s years of developing and securing regulatory approval for life-saving and transformational products, coupled with his proven management and business expertise, will be invaluable assets for InspireMD.”

Dr. Barer added, “I am looking forward to working with InspireMD to advance patient care in addressing a currently unmet need in the treatment of heart attack patients and ultimately save lives.”

About MGuard™ Coronary

MGuard™ is a combination of a coronary stent merged with an embolic protection specifically designed for Acute MI patients. The embolic protection is comprised of an ultra-thin polymer mesh sleeve that wraps the stent. The MGuard™ coronary seeks to provide permanent embolic protection, without affecting deliverability. MGuard™ is CE Mark approved. Mesh-based protection is now recommended for use in the recent Guidelines of the Task force of Myocardial Revascularization of the European Society of Cardiology (ESC).

About InspireMD, Inc.

InspireMD is an innovative 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 (xi) 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 June 16, 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.

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