

InspireMD, Inc.
Form DEF 14A
February 19, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant [X]
Filed by a Party other than the Registrant []
Check the appropriate box:
 [] Preliminary Proxy Statement
 [] **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
 [X] Definitive Proxy Statement
 [] Definitive Additional Materials
 [] Soliciting Material Pursuant to §240.14a-12

INSPIREMD, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
 [X] No fee required.
 [] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11 and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

InspireMD, Inc.

4 Menorat Hamaor St.

Tel Aviv, Israel 6744832

Telephone: (888) 776-6804

February 19, 2019

Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders of InspireMD, Inc. to be held at 11:30 a.m., New York time, on March 21, 2019, at the offices of Haynes and Boone, LLP, located at 30 Rockefeller Plaza, 26th Floor, New York, New York 10112.

Please note that in order to gain admission to the site of our annual meeting, all attendees will need to present a photo identification card and have their name previously provided to building security. As such, in order to facilitate your attendance at the annual meeting, we strongly encourage you to advise Craig Shore by email at craigs@inspiremd.com or phone at + 972-3-6917691 if you plan to attend the meeting prior to 5:00 p.m., New York time, on March 20, 2019, so that we can timely provide your name to building security. In the event that you do not advise us ahead of time that you will be attending the annual meeting, we encourage you to arrive at the meeting no later than 11:00 a.m., New York time, in order to ensure that you are able to pass through security prior to the start of the meeting.

Your vote is very important, regardless of the number of shares of our voting securities that you own. I encourage you to vote by telephone, over the Internet, or by marking, signing, dating and returning your proxy card so that your shares will be represented and voted at the annual meeting, whether or not you plan to attend. If you attend the annual meeting, you will, of course, have the right to revoke the proxy and vote your shares in person.

If your shares are held in the name of a broker, trust, bank or other intermediary, and you receive notice of the annual meeting through your broker or through another intermediary, please vote or return the materials in accordance with the instructions provided to you by such broker or other intermediary or contact your broker directly in order to obtain a proxy issued to you by your intermediary holder to attend the meeting and vote in person. Failure to do so may result in your shares not being eligible to be voted by proxy at the meeting.

On behalf of the board of directors, I urge you to submit your proxy as soon as possible, even if you currently plan to attend the meeting in person.

Thank you for your support of our company. I look forward to seeing you at the annual meeting.

Sincerely,

/s/ Paul Stuka

Paul Stuka

Chairman

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MARCH 21, 2019:

Our official Notice of Annual Meeting of Stockholders, Proxy Statement, Proxy Card and 2018 Annual Report to Stockholders are available at:

www.proxyvote.com

InspireMD, Inc.

4 Menorat Hamaor St.

Tel Aviv, Israel 6744832

Telephone: (888) 776-6804

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held March 21, 2019

The 2019 Annual Meeting of Stockholders of InspireMD, Inc., a Delaware corporation (the “Company”), will be held at 11:30 a.m., New York time, on March 21, 2019, at the offices of Haynes and Boone, LLP, located at 30 Rockefeller Plaza, 26th Floor, New York, New York 10112. We will consider and act on the following items of business at the Annual Meeting:

- (1) Election of two Class 2 directors to serve on our board of directors for a term of three years or until their successors are elected and qualified, for which Michael Berman and Campbell Rogers, M.D. are the nominees.

- (2) Approval of the Fifth Amendment to the InspireMD, Inc. 2013 Long-Term Incentive Plan to increase the number of shares of common stock of the Company available for issuance pursuant to awards under such plan by 25,000,000 shares, to a total of 33,919,737 shares of common stock (the “Incentive Plan Proposal”) and to reflect certain changes to the U.S. Internal Revenue Code upon the enactment of the Tax Cuts and Jobs Act of 2017.

- (3) Authorization of the board of directors, in its discretion, to amend the Amended and Restated Certificate of Incorporation of the Company to effect a reverse stock split of the Company’s outstanding shares of common stock at a ratio in the range of 1-for-25 to 1-for-50, such ratio to be determined by the board of directors and included in a public announcement (the “Reverse Stock Split Proposal”).

- (4) If and only if the Reverse Stock Split Proposal is not approved, approval of an amendment to the Amended and Restated Certificate of Incorporation of the Company to increase the number of authorized shares of common stock from 150,000,000 to 500,000,000.

- (5) Ratification of the appointment of Kesselman & Kesselman, Certified Public Accountants, a member of PricewaterhouseCoopers International Limited, as our independent registered public accounting firm for the year ending December 31, 2019.

- (6) Such other business as may properly come before the Annual Meeting.

Stockholders are referred to the Proxy Statement accompanying this notice for more detailed information with respect to the matters to be considered at the Annual Meeting. After careful consideration, **the board of directors recommends a vote FOR the election of the nominees for director named above (Proposal 1); FOR the Incentive Plan Proposal (Proposal 2); FOR the Reverse Stock Split Proposal (Proposal 3); FOR the approval of the amendment to the Amended and Restated Certificate of Incorporation of the Company to increase the number of authorized shares, if and only if the Reverse Stock Split Proposal is not approved (Proposal 4); and FOR the ratification of the appointment of Kesselman & Kesselman, Certified Public Accountants, a member of PricewaterhouseCoopers International Limited, as our independent registered public accounting firm for the year ending December 31, 2019 (Proposal 5).**

The board of directors has fixed the close of business on February 15, 2019, as the record date (the “Record Date”). Only holders of record of shares of our common stock are entitled to receive notice of the Annual Meeting and to vote at the Annual Meeting or at any postponement(s) or adjournment(s) of the Annual Meeting. A complete list of registered stockholders entitled to vote at the Annual Meeting will be available for inspection at the office of the Company during regular business hours for the 10 calendar days prior to and during the Annual Meeting.

Please note that in order to gain admission to the site of our annual meeting, all attendees will need to present a photo identification card and have their name previously provided to building security. As such, in order to facilitate your attendance at the annual meeting, we strongly encourage you to advise Craig Shore by email at craigs@inspiremd.com or phone at + 972-3-6917691 if you plan to attend the meeting prior to 5:00 p.m., New York time, on March 20, 2019, so that we can timely provide your name to building security. In the event that you do not advise us ahead of time that you will be attending the annual meeting, we encourage you to arrive at the meeting no later than 11:00 a.m., New York time, in order to ensure that you are able to pass through security prior to the start of the meeting.

YOUR VOTE AND PARTICIPATION IN THE COMPANY'S AFFAIRS ARE IMPORTANT.

If your shares are registered in your name, even if you plan to attend the Annual Meeting or any postponement or adjournment of the Annual Meeting in person, we request that you vote by telephone, over the Internet, complete, sign and mail your proxy card to ensure that your shares will be represented at the Annual Meeting.

If your shares are held in the name of a broker, trust, bank or other intermediary, and you receive notice of the Annual Meeting through your broker or through another intermediary, please vote or complete and return the materials in accordance with the instructions provided to you by such broker or other intermediary or contact your broker directly in order to obtain a proxy issued to you by your intermediary holder to attend the Annual Meeting and vote in person. Failure to do so may result in your shares not being eligible to be voted by proxy at the Annual Meeting.

By Order of The Board of Directors,

/s/ Paul Stuka
Paul Stuka
Chairman

February 19, 2019

Table of Contents

<u>ABOUT THE ANNUAL MEETING</u>	7
<u>CORPORATE GOVERNANCE AND BOARD OF DIRECTORS MATTERS</u>	12
<u>REPORT OF THE AUDIT COMMITTEE</u>	18
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	18
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	19
<u>PROPOSAL 1: ELECTION OF CLASS 2 DIRECTORS</u>	20
<u>EXECUTIVE OFFICERS</u>	23
<u>EXECUTIVE COMPENSATION</u>	23
<u>PROPOSAL 2: APPROVAL OF THE INCENTIVE PLAN PROPOSAL</u>	31
<u>PROPOSAL 3: APPROVAL OF THE REVERSE STOCK SPLIT PROPOSAL</u>	43
<u>PROPOSAL 4: APPROVAL OF AMENDMENT TO THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES IF PROPOSAL 3 IS NOT APPROVED</u>	50
<u>PROPOSAL 5: RATIFICATION OF APPOINTMENT OF Kesselman & Kesselman, Certified Public Accountants, a member of PricewaterhouseCoopers International Limited, AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	52
<u>OTHER BUSINESS</u>	53
<u>SUBMISSION OF FUTURE STOCKHOLDER PROPOSALS</u>	53
<u>ANNEX A – PROPOSED FIFTH AMENDMENT TO THE INSPIREMD, INC. 2013 LONG-TERM INCENTIVE PLAN</u>	54
<u>ANNEX B – INSPIREMD, INC. 2013 LONG-TERM INCENTIVE PLAN</u>	B-1
<u>ANNEX C – PROPOSED AMENDMENT TO THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF INSPIREMD, INC.</u>	C-1
<u>ANNEX D – PROPOSED AMENDMENT TO THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF INSPIREMD, INC.</u>	D-1

InspireMD, Inc.

4 Menorat Hamaor St.

Tel Aviv, Israel 6744832

Telephone: (888) 776-6804

PROXY STATEMENT

FOR

ANNUAL MEETING OF STOCKHOLDERS

To Be Held March 21, 2019

Unless the context otherwise requires, references in this Proxy Statement to “we,” “us,” “our,” the “Company,” or “InspireMD” refer to InspireMD, Inc., a Delaware corporation, and its direct and indirect subsidiaries. In addition, unless the context otherwise requires, references to “stockholders” are to the holders of our voting securities, which consist of our common stock, par value \$0.0001 per share.

The accompanying proxy is solicited by the board of directors on behalf of InspireMD, Inc., a Delaware corporation, to be voted at the annual meeting of stockholders of the Company (the “Annual Meeting”) to be held on March 21, 2019, at the time and place and for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders (the “Notice”) and at any adjournment(s) or postponement(s) of the Annual Meeting. This Proxy Statement and accompanying form of proxy are expected to be first sent or given to stockholders on or about February 22, 2019.

The executive office of the Company is located at, and the mailing address of the Company is, 4 Menorat Hamaor St., Tel Aviv, Israel 6744832.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY

**MATERIALS FOR
THE STOCKHOLDER MEETING TO BE HELD ON MARCH 21, 2019:**

**Our official Notice of Annual Meeting of Stockholders, Proxy Statement, Proxy Card and
2018 Annual Report to Stockholders are available at:**

www.proxyvote.com

ABOUT THE ANNUAL MEETING

What is a proxy?

A proxy is another person that you legally designate to vote your stock. If you designate someone as your proxy in a written document, that document is also called a “proxy” or a “proxy card.” If you are a street name holder, you must obtain a proxy from your broker or intermediary in order to vote your shares in person at the Annual Meeting.

What is a proxy statement?

A proxy statement is a document that regulations of the Securities and Exchange Commission (the “SEC”) require that we give to you when we ask you to sign a proxy card to vote your stock at the Annual Meeting.

What is the purpose of the Annual Meeting?

At our Annual Meeting, stockholders will act upon the matters outlined in the Notice, including the following:

- (1) Election of two Class 2 directors to serve on our board of directors for a term of three years or until their successors are elected and qualified, for which Michael Berman and Campbell Rogers, M.D. are the nominees.

Approval of the Fifth Amendment to the InspireMD, Inc. 2013 Long-Term Incentive Plan to increase the number of shares of common stock of the Company available for issuance pursuant to awards under such plan by
- (2) 25,000,000 shares, to a total of 33,919,737 shares of common stock (the “Incentive Plan Proposal”) and to reflect certain changes to the U.S. Internal Revenue Code upon the enactment of the Tax Cuts and Jobs Act of 2017.

Authorization of the board of directors, in its discretion, to amend the Amended and Restated Certificate of
- (3) Incorporation of the Company to effect a reverse stock split of the Company’s outstanding shares common stock at a ratio in the range of 1-for-25 to 1-for-50, such ratio to be determined by the board of directors and included in a public announcement (the “Reverse Stock Split Proposal”).

If and only if the Reverse Stock Split Proposal is not approved, approval of an amendment to the Amended and
- (4) Restated Certificate of Incorporation of the Company to increase the number of authorized shares of common stock from 150,000,000 to 500,000,000.

Ratification of the appointment of Kesselman & Kesselman, Certified Public Accountants, a member of (5)PricewaterhouseCoopers International Limited, as our independent registered public accounting firm for the year ending December 31, 2019.

(6)Such other business as may properly come before the Annual Meeting.

What is “householding” and how does it affect me?

With respect to eligible stockholders who share a single address, we may send only one Proxy Statement to that address unless we receive instructions to the contrary from any stockholder at that address. This practice, known as “householding,” is designed to reduce our printing and postage costs. However, if a stockholder of record residing at such address wishes to receive a separate notice or proxy statement in the future, he or she may contact InspireMD, Inc., 4 Menorat Hamaor St., Tel Aviv, Israel 6744832, Attn: Investor Relations or call + 972-3-6917691 and ask for Investor Relations. Eligible stockholders of record receiving multiple copies of our Notice or Proxy Statement can request householding by contacting us in the same manner. Stockholders who own shares through a bank, broker or other intermediary can request householding by contacting the intermediary.

We hereby undertake to deliver promptly, upon written or oral request, a copy of the Notice or Proxy Statement to a stockholder at a shared address to which a single copy of the document was delivered. Requests should be directed to Investor Relations at the address or phone number set forth above.

What should I do if I receive more than one set of voting materials?

You may receive more than one set of voting materials, including multiple copies of the Notice or this Proxy Statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate notice or voting instruction card for each brokerage account in which you hold shares. Similarly, if you are a stockholder of record and hold shares in a brokerage account, you will receive a Notice for shares held in your name and a notice or voting instruction card for shares held in street name. Please follow the directions provided in the Notice and each additional notice or voting instruction card you receive to ensure that all your shares are voted.

What is the record date and what does it mean?

The record date to determine the stockholders entitled to notice of and to vote at the Annual Meeting is the close of business on February 15, 2019 (the “Record Date”). The Record Date is established by the board of directors as required by Delaware law. On the Record Date, 41,888,895 shares of common stock were issued and outstanding.

Who is entitled to vote at the Annual Meeting?

Holders of common stock at the close of business on the Record Date may vote at the Annual Meeting.

What are the voting rights of the stockholders?

On each matter to be voted upon at the Annual Meeting, you have one vote for each share of common stock you own as of the Record Date.

What is the quorum requirement?

The presence, in person or by proxy, of the holders of a majority of the shares of the stock entitled to vote at the Annual Meeting is necessary to constitute a quorum to transact business. If a quorum is not present or represented at the Annual Meeting, the stockholders entitled to vote at the Annual Meeting, present in person or by proxy, may adjourn the Annual Meeting from time to time without notice or other announcement until a quorum is present or represented.

What is the difference between a stockholder of record and a “street name” holder?

If your shares are registered directly in your name with Action Stock Transfer Corporation, our stock transfer agent, you are considered the stockholder of record with respect to those shares. The Notice has been sent directly to you by us.

If your shares are held in a stock brokerage account or by a bank or other intermediary, the intermediary is considered the record holder of those shares. You are considered the beneficial owner of those shares, and your shares are held in “street name.” A notice or Proxy Statement and voting instruction card have been forwarded to you by your intermediary. As the beneficial owner, you have the right to direct your intermediary concerning how to vote your shares by using the voting instructions they included in the mailing or by following their instructions for voting.

What is a broker non-vote?

A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner. Your broker does not have discretionary authority to vote your shares with respect to the election of directors (Proposal 1) or the Incentive Plan Proposal (Proposal 2) in the absence of specific

instructions from you.

With respect to the Reverse Stock Split Proposal (Proposal 3), the proposal to approve the amendment to our Certificate of Incorporation to increase the number of authorized shares of common stock, if and only if the Reverse Stock Split Proposal is not approved (Proposal 4) and the proposal to ratify the appointment of the independent registered public accounting firm (Proposal 5), your broker will have the discretion to vote your shares and, therefore, will be able to vote your shares with respect to such proposal even if you do not provide your broker with instructions on that proposal.

How do I vote my shares?

Your vote is very important to us and we hope that you will attend the Annual Meeting. However, whether or not you plan to attend the Annual Meeting, please vote by proxy in accordance with the instructions on your proxy card or voting instruction card (from your broker or other intermediary). There are three convenient ways of submitting your vote:

By Telephone or Internet - All record holders can vote by touchtone telephone from the United States using the toll free telephone number on the proxy card, or over the Internet, using the procedures and instructions described on the proxy card. "Street name" holders may vote by telephone or Internet if their bank, broker or other intermediary makes those methods available, in which case the bank, broker or other intermediary will enclose the instructions with the proxy materials. The telephone and Internet voting procedures are designed to authenticate stockholders' identities, to allow stockholders to vote their shares, and to confirm that their instructions have been recorded properly.

In Person - All record holders may vote in person at the Annual Meeting. “Street name” holders may vote in person at the Annual Meeting if their bank, broker or other intermediary has furnished a legal proxy. If you are a “street name” holder and would like to vote your shares by proxy, you will need to ask your bank, broker or other intermediary to furnish you with an intermediary issued proxy. You will need to bring the intermediary issued proxy with you to the Annual Meeting and hand it in with a signed ballot that will be provided to you at the Annual Meeting. You will not be able to vote your shares without an intermediary issued proxy. Note that a broker letter that identifies you as a stockholder is not the same as an intermediary issued proxy.

By Written Proxy - All record holders can vote by written proxy card, if they have requested to receive printed proxy materials. If you are a “street name” holder and you request to receive printed proxy materials, you will receive a written proxy card and a voting instruction card from your bank, broker or other intermediary.

The board of directors has appointed Craig Shore, chief financial officer, chief administrative officer, treasurer and secretary, and James Barry, Ph.D., president, chief executive officer and director, to serve as the proxies for the Annual Meeting.

If you complete all of the proxy card except one or more of the voting instructions, then the designated proxies will vote your shares as to which you provide no voting instructions in the manner described under “What if I do not specify how I want my shares voted?” below. We do not anticipate that any other matters will come before the Annual Meeting, but if any other matters properly come before the meeting, then the designated proxies will vote your shares in accordance with applicable law and their judgment.

If you hold your shares in “street name,” and complete the voting instruction card provided by your broker or other intermediary except with respect to one or more of the voting instructions, then your broker may be unable to vote your shares with respect to the proposal as to which you provide no voting instructions. See “What is a broker non-vote?” above.

Even if you currently plan to attend the Annual Meeting, we recommend that you vote by telephone or Internet or return your proxy card or voting instructions as described above so that your votes will be counted if you later decide not to attend the Annual Meeting or are unable to attend.

Who counts the votes?

All votes will be tabulated by James Barry, Ph.D., the inspector of election appointed for the Annual Meeting. Each proposal will be tabulated separately.

What are my choices when voting?

In the election of directors (Proposal 1), stockholders may vote for all director nominees or may withhold their votes as to one or both director nominees. With respect to the Incentive Plan Proposal (Proposal 2), the Reverse Stock Split Proposal (Proposal 3), the proposal to approve the amendment to our Certificate of Incorporation to increase the number of authorized shares of common stock, if and only if the Reverse Stock Split Proposal is not approved (Proposal 4) and the ratification of the independent registered public accounting firm (Proposal 5), stockholders may vote for the proposal, against the proposal, or abstain from voting on the proposal.

What are the board of directors' recommendations on how I should vote my shares?

The board of directors recommends that you vote your shares as follows:

Proposal 1—**FOR** the election of the nominees for director.

Proposal 2—**FOR** the Incentive Plan Proposal.

Proposal 3—**FOR** the Reverse Stock Split Proposal.

Proposal 4—**FOR** the approval of the amendment of the Amended and Restated Certificate of Incorporation to increase the number of authorized shares, if and only if the Reverse Stock Split Proposal is not approved.

Proposal 5—**FOR** the ratification of the appointment of the independent registered public accounting firm.

What if I do not specify how I want my shares voted?

If you are a record holder who returns a completed proxy card that does not specify how you want to vote your shares on one or more proposals, the proxies will vote your shares for each proposal as to which you provide no voting instructions, and such shares will be voted in the following manner:

Proposal 1—**FOR** the election of the nominees for director.

Proposal 2—**FOR** the Incentive Plan Proposal.

Proposal 3—**FOR** the Reverse Stock Split Proposal.

Proposal 4— **FOR** the approval of the amendment of the Amended and Restated Certificate of Incorporation to increase the number of authorized shares, if and only if the Reverse Stock Split Proposal is not approved.

Proposal 5—**FOR** the ratification of the appointment of the independent registered public accounting firm.

If you are a street name holder and do not provide voting instructions on one or more proposals, your bank, broker or other intermediary may be unable to vote those shares. See “What is a broker non-vote?” above.

Can I change my vote?

Yes. If you are a record holder, you may revoke your proxy at any time by any of the following means:

Attending the Annual Meeting and voting in person. Your attendance at the Annual Meeting will not by itself revoke a proxy. You must vote your shares by ballot at the Annual Meeting to revoke your proxy.

Voting again by telephone or over the Internet (only your latest telephone or Internet vote submitted prior to the Annual Meeting will be counted).

If you requested and received written proxy materials, completing and submitting a new valid proxy bearing a later date.

Giving written notice of revocation to the Company addressed to Craig Shore, chief financial officer, chief administrative officer, treasurer and secretary, at the Company's address above, which notice must be received before noon, New York time on March 20, 2019.

If you are a street name holder, your bank, broker or other intermediary should provide instructions explaining how you may change or revoke your voting instructions.

What percentage of the vote is required to approve each proposal?

Assuming the presence of a quorum, the two director nominees who receive the most votes cast in the election of directors will be elected (Proposal 1).

Pursuant to Section 711 of the NYSE MKT Company Guide, the Incentive Plan Proposal (Proposal 2) will require approval by a majority of votes cast, with abstentions counting as a vote cast.

Approval of the Reverse Stock Split Proposal (Proposal 3) will require the affirmative vote of the holders of a majority of the shares of our common stock outstanding and entitled to vote on such proposal at the Annual Meeting.

Approval of the amendment to our Certificate of Incorporation to increase the number of authorized shares of common stock, if and only if the Reverse Stock Split Proposal is not approved (Proposal 4) will require the affirmative vote of the holders of a majority of the shares of our issued and outstanding common stock entitled to vote on such proposal at the Annual Meeting.

Assuming the presence of a quorum, the ratification of the independent registered public accounting firm (Proposal 5) will require the affirmative vote of the holders of a majority of the shares of our common stock represented in person or by proxy at the Annual Meeting entitled to vote on such proposal that voted for or against such proposal.

How are abstentions and broker non-votes treated?

Abstentions are included in the determination of the number of shares present at the Annual Meeting for determining a quorum at the meeting. Abstentions will have no effect with respect to the election of directors (Proposal 1) or the ratification of the independent registered public accounting firm (Proposal 4). However, abstentions will have the same effect as a vote against the Incentive Plan Proposal (Proposal 2), the Reverse Stock Split Proposal (Proposal 3) and the amendment to our Certificate of Incorporation to increase the number of authorized shares of common stock, if and only if the Reverse Stock Split Proposal is not approved (Proposal 4).

Broker non-votes are included in the determination of the number of shares present at the Annual Meeting for determining a quorum at the meeting. Broker non-votes will have no effect upon the election of directors (Proposal 1) or the approval of the Incentive Plan Proposal (Proposal 2). With respect to the Reverse Stock Split Proposal (Proposal 3), the proposal to approve the amendment to our Certificate of Incorporation to increase the number of authorized shares of common stock, if and only if the Reverse Stock Split Proposal is not approved (Proposal 4) and the ratification of the independent registered public accounting firm (Proposal 5), broker-non-votes are not applicable because such proposals are considered routine matters and therefore a broker holding shares for a beneficial owner will have discretionary authority to vote those shares for such proposals in the absence of voting instructions from the beneficial owner.

Do I have any dissenters' or appraisal rights with respect to any of the matters to be voted on at the Annual Meeting?

No. None of our stockholders has any dissenters' or appraisal rights with respect to the matters to be voted on at the Annual Meeting.

When will the next stockholder advisory vote on executive compensation occur?

At our 2012 Annual Meeting of stockholders, we submitted to stockholders an advisory vote on whether an advisory vote on executive compensation should be held every one, two or three years. "Three years" was the frequency that

received the highest number of votes. In light of such outcome, we intend to hold an advisory vote on executive compensation every three years. The last stockholder advisory vote on executive compensation was held at our 2018 Annual Meeting of Stockholders. Therefore, we anticipate that the next such vote will be held at our 2021 Annual Meeting of Stockholders.

What are the solicitation expenses and who pays the cost of this proxy solicitation?

Our board of directors is asking for your proxy and we will pay all of the costs of asking for stockholder proxies. We will reimburse brokerage houses and other custodians, intermediaries and fiduciaries for their reasonable out-of-pocket expenses for forwarding solicitation material to the beneficial owners of common stock and collecting voting instructions. We may use officers and employees of the Company to ask for proxies, as described below. In addition, we have retained Kingsdale Advisors (“Kingsdale”) to assist in the solicitation of proxies for a fee of \$8,500 plus telephone solicitation fees and reimbursement of expenses.

Is this Proxy Statement the only way that proxies are being solicited?

No. In addition to the solicitation of proxies by use of the mail, officers and employees of the Company, as well as Kingsdale, the proxy solicitation firm hired by the Company, may solicit the return of proxies, either by mail, telephone, fax, e-mail or through personal contact. These officers and employees will not receive additional compensation for their efforts but will be reimbursed for out-of-pocket expenses. The fees of Kingsdale as well as the reimbursement of expenses of Kingsdale will be borne by us. Brokerage houses and other custodians, intermediaries and fiduciaries, in connection with shares of the common stock registered in their names, will be requested to forward solicitation material to the beneficial owners of shares of common stock.

Are there any other matters to be acted upon at the Annual Meeting?

Management does not intend to present any business at the Annual Meeting for a vote other than the matters set forth in the Notice and has no information that others will do so. If other matters requiring a vote of the stockholders properly come before the Annual Meeting, it is the intention of the persons named in the accompanying form of proxy to vote the shares represented by the proxies held by them in accordance with applicable law and their judgment on such matters.

Where can I find voting results?

The Company expects to publish the voting results in a Current Report on Form 8-K, which it expects to file with the SEC within four business days following the Annual Meeting.

Who can help answer my questions?

The information provided above in this “Question and Answer” format is for your convenience only and is merely a summary of the information contained in this Proxy Statement. We urge you to carefully read this entire Proxy Statement, including the documents we refer to in this Proxy Statement. If you have any questions, or need additional material, please feel free to contact the firm assisting us in the solicitation of proxies, Kingsdale. Banks and brokers and shareholders may call Kingsdale at 1-877-659-1822 (North American toll free number) or 416-867-2272 (call collect outside North America).

CORPORATE GOVERNANCE AND BOARD OF DIRECTORS MATTERS

Director Independence

The board of directors has determined that Dr. Rogers and Messrs. Stuka, Berman and Kester, satisfy the requirement for independence set out in Section 803 of the NYSE American rules and that each of these directors has no material relationship with us (other than being a director and/or a stockholder). In making its independence determinations, the board of directors sought to identify and analyze all of the facts and circumstances relating to any relationship between a director, his immediate family or affiliates and our company and our affiliates and did not rely on

categorical standards other than those contained in the NYSE American rule referenced above.

Board Committees

Our board of directors has established an audit committee, a nominating and corporate governance committee and a compensation committee, each of which has the composition and responsibilities described below.

Audit Committee. Our audit committee is currently comprised of Messrs. Berman, Stuka and Kester, each of whom our board has determined to be financially literate and qualify as an independent director under Section 803(B)(2) of the NYSE American rules. Mr. Kester is the chairman of our audit committee and qualifies as a financial expert, as defined in Item 407(d)(5)(ii) of Regulation S-K. The audit committee's duties are to recommend to our board of directors the engagement of independent auditors to audit our financial statements and to review our accounting and auditing principles. The audit committee will review the scope, timing and fees for the annual audit and the results of audit examinations performed by the internal auditors and independent public accountants, including their recommendations to improve the system of accounting and internal controls. The audit committee held a total of 4 meetings during the twelve months ended December 31, 2018. The audit committee operates under a formal charter adopted by the board of directors that governs its duties and conduct. Copies of the charter can be obtained free of charge from the Company's web site, www.inspiremd.com, by contacting the Company at the address appearing on the first page of this Proxy Statement to the attention of Investor Relations, or by telephone at + 972-3-6917691.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee is currently comprised of Messrs. Berman and Stuka, each of whom qualify as an independent director under Section 803(A) of the NYSE American rules. Mr. Berman is the chairman of our nominating and corporate governance committee. The nominating and corporate governance committee identifies and recommends to our board of directors individuals qualified to be director nominees. In addition, the nominating and corporate governance committee recommends to our board of directors the members and chairman of each board committee who will periodically review and assess our code of business conduct and ethics and our corporate governance guidelines. The nominating and corporate governance committee also makes recommendations for changes to our code of business conduct and ethics and our corporate governance guidelines to our board of directors, reviews any other matters related to our corporate governance and oversees the evaluation of our board of directors and our management. The nominating and corporate governance committee held 1 meeting during the twelve months ended December 31, 2018. The nominating and corporate governance committee operates under a formal charter adopted by the board of directors that governs its duties and conduct. Copies of the charter can be obtained free of charge from the Company's web site, www.inspiremd.com, by contacting the Company at the address appearing on the first page of this Proxy Statement to the attention of Investor Relations, or by telephone at (888) 776-6804.

Compensation Committee. Our compensation committee is currently comprised of Messrs. Stuka and Kester, each of whom qualify as an independent director under Sections 803(A) and 805(c)(1) of the NYSE American rules. Mr. Stuka is the chairman of our compensation committee. The compensation committee reviews and approves our salary and benefits policies, including compensation of executive officers and directors. The compensation committee also administers our stock option plans and recommends and approves grants of stock options under such plans. The compensation committee held 1 meeting during the twelve months ended December 31, 2018. The compensation committee operates under a formal charter adopted by the board of directors that governs its duties and conduct. Copies of the charter can be obtained free of charge from the Company's web site, www.inspiremd.com, by contacting the Company at the address appearing on the first page of this Proxy Statement to the attention of Investor Relations, or by telephone at (888) 776-6804.

Meetings and Attendance

The board of directors held a total of 12 meetings during the twelve months ended December 31, 2018, and each director attended at least 75 percent of the aggregate number of all (i) board meetings held during the period for which he was a director and (ii) committee meetings held during the period for which he was a committee member. We do not have a policy requiring director attendance at stockholder meetings, but members of our board of directors are encouraged to attend. One of five directors attended our 2018 Annual Meeting of Stockholders.

Board Leadership Structure

The board of directors is committed to promoting effective, independent governance of the Company. Our board believes it is in the best interests of the stockholders and the Company for the board to have the flexibility to select the best director to serve as chairman at any given time, regardless of whether that director is an independent director or the chief executive officer. Consequently, we do not have a policy governing whether the roles of chairman of the board and chief executive officer should be separate or combined. This decision is made by our board of directors, based on the best interests of the Company considering the circumstances at the time.

Currently, the offices of the chairman of the board and the chief executive officer are held by two different people. Mr. Stuka is our independent, non-executive chairman of the board of directors and Dr. Barry is our chief executive officer. The chief executive officer is responsible for the day to day leadership and performance of the Company, while the chairman of the board of directors provides guidance to the chief executive officer and sets the agenda for board meetings and presides over meetings of the board. We believe that separation of the positions reinforces the independence of the board in its oversight of the business and affairs of the Company, and creates an environment that is more conducive to objective evaluation and oversight of management's performance, increasing management accountability and improving the ability of the board to monitor whether management's actions are in the best interests of the Company and its stockholders. Furthermore, we believe that Mr. Stuka is especially suited to serve as our chairman of the board, in light of his significant strategic and investment management experience in the U.S. healthcare industry, which provide him with a unique perspective on the best methods of growth for a life sciences company.

Role in Risk Oversight

Our board of directors oversees an enterprise-wide approach to risk management, designed to support the achievement of business objectives, including organizational and strategic objectives, to improve long-term organizational performance and enhance stockholder value. The involvement of our board of directors in setting our business strategy is a key part of its assessment of management's plans for risk management and its determination of what constitutes an appropriate level of risk for the company. The participation of our board of directors in our risk oversight process includes receiving regular reports from members of senior management on areas of material risk to our company, including operational, financial, legal and regulatory, and strategic and reputational risks.

While our board of directors has the ultimate responsibility for the risk management process, senior management and various committees of our board of directors also have responsibility for certain areas of risk management.

Our senior management team is responsible for day-to-day risk management and regularly reports on risks to our full board of directors or a relevant committee. Our finance and regulatory personnel serve as the primary monitoring and evaluation function for company-wide policies and procedures, and manage the day-to-day oversight of the risk management strategy for our ongoing business. This oversight includes identifying, evaluating and addressing potential risks that may exist at the enterprise, strategic, financial, operational, compliance, cybersecurity and reporting levels.

The audit committee focuses on monitoring and discussing our major financial risk exposures and the steps management has taken to monitor and control such exposures, including our risk assessment and risk management policies. As appropriate, the audit committee provides reports to and receives direction from the full board of directors regarding our risk management policies and guidelines, as well as the audit committee's risk oversight activities.

In addition, the compensation committee assesses our compensation policies to confirm that the compensation policies and practices do not encourage unnecessary risk taking. The compensation committee regularly reviews and discusses the relationship between risk management policies and practices, corporate strategy and senior executive compensation and, when appropriate, reports on the findings from the discussions with our board of directors. Our compensation committee intends to set performance metrics that will create incentives for our senior executives that encourage an appropriate level of risk-taking that is commensurate with our short-term and long-term strategies.

Code of Ethics

We have adopted a code of ethics and business conduct that applies to our officers, directors and employees, including our principal executive officer, principal financial officer and principal accounting officer, which is posted on our website at www.inspiremd.com. We intend to disclose future amendments to certain provisions of the code of ethics, or waivers of such provisions granted to executive officers and directors, on this website within four business days following the date of such amendment or waiver.

Communications with the Board of Directors

A stockholder who wishes to communicate with our board of directors, any committee of our board of directors, the non-management directors or any particular director, may do so by writing to such director or directors in care of the Secretary, c/o InspireMD, Inc., 4 Menorat Hamaor St., Tel Aviv, Israel 6744832. Our secretary will forward such communication to the full board of directors, to the appropriate committee or to any individual director or directors to whom the communication is addressed, unless the communication is unrelated to the duties and responsibilities of our board of directors (such as spam, junk mail and mass mailings, ordinary course disputes over fees or services, personal employee complaints, business inquiries, new product or service suggestions, resumes and other forms of job inquiries, surveys, business solicitations or advertisements) or is unduly hostile, threatening, illegal, or harassing, in which case our secretary has the authority to discard the communication or take appropriate legal action regarding the communication.

Director Nomination Policies

We have a standing nominating and corporate governance committee consisting entirely of independent directors. The director nominee was recommended to the board by the nominating and corporate governance committee for selection.

The nominating and corporate governance committee will consider all proposed nominees for the board of directors, including those properly put forward by stockholders. Stockholder nominations should be addressed to the nominating and corporate governance committee in care of the Secretary, c/o InspireMD, Inc., 4 Menorat Hamaor St., Tel Aviv, Israel 6744832, in accordance with the provisions of the Company's amended and restated bylaws. The nominating and corporate governance committee annually reviews with the board the applicable skills and characteristics required of board nominees in the context of current board composition and our circumstances. In making its recommendations to the board, the nominating and corporate governance committee considers all factors it considers appropriate, which may include experience, accomplishments, education, understanding of the business and the industry in which we operate, specific skills, general business acumen and the highest personal and professional integrity. Generally, the nominating and corporate governance committee will first consider current board members because they meet the criteria listed above and possess an in depth knowledge of us, our history, strengths, weaknesses, goals and objectives. This level of knowledge has proven very valuable to us. In determining whether to recommend a director for re-election, the nominating and corporate governance committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the board.

The board and the nominating and corporate governance committee aim to assemble a diverse group of board members and believe that no single criterion such as gender or minority status is determinative in obtaining diversity on the board. The board defines diversity as differences of viewpoint, professional experience, education and skills such as a candidate's range of experience serving on other public company boards, the balance of the business interest and experience of the candidate as compared to the incumbent or other nominated directors, and the need for any particular expertise on the board or one of its committees.

Certain Related Transactions and Relationships

On March 21, 2016, we closed a private placement of 1,183 shares of our common stock and warrants to purchase up to 592 shares of our common stock with certain of our officers and directors. The purchasers in the private placement included: Dr. Barer, the then chairman of our board of directors, who purchased 969 shares of common stock and warrants to purchase 485 shares of common stock, for a purchase price of \$500,000, Osiris Investment Partners, L.P., of which Mr. Stuka, the chairman of our board of directors, is the principal and managing member, which purchased 146 shares of common stock and warrants to purchase 73 shares of common stock, for a purchase price of \$75,000, Mr. Loughlin, who served as our director until May 24, 2016, purchased 58 shares of common stock and warrants to

purchase 29 shares of common stock, for a purchase price of \$29,500 and Dr. Rogers, our director, who purchased 10 shares of common stock and warrants to purchase 5 shares of common stock, for a purchase price of \$5,000.

On July 7, 2016, we closed a public offering of 442,424 shares of Series B Convertible Preferred Stock (the “Series B Preferred Stock”) and accompanying warrants to purchase up to 50,620 shares of common stock at a price of \$33.00 per share of Series B Preferred Stock and the accompanying warrant, for gross proceeds of approximately \$14.6 million, before deducting placement agent fees and offering expenses payable by us. Each share of Series B Preferred Stock was convertible into 0.114 shares of common stock reflecting a conversion price equal to \$288.75 per share. In accordance with the anti-dilution price protection contained in the certificate of designation for the Series B Preferred Stock, the conversion price for the Series B Preferred Stock was adjusted several times when the Company conducted subsequent equity financings, and as of December 31, 2018, each share of Series B Convertible Preferred Stock is convertible into 110 shares of common stock at \$0.30 per share. The holders of Series B Preferred Stock are entitled to receive cumulative dividends at the rate per share of 15% per annum of the stated value for five years, payable in cash or common stock, at our discretion. The warrants are exercisable immediately and have a term of exercise of five years from the date of issuance and have an exercise price of \$175.00 per share of common stock. The purchasers in the offering included: Dr. Barer, the then chairman of our board of directors, who purchased 33,333 shares of Series B Preferred Stock and warrants to purchase 3,810 shares of common stock, for a purchase price of \$1,099,989, Osiris Investment Partners, L.P., of which Mr. Stuka, the chairman of our board of directors, is the principal and managing member, which purchased 1,515 shares of Series B Preferred Stock and warrants to purchase 174 shares of common stock, for a purchase price of \$49,995 and Mr. Stuka, who purchased 3,030 shares of Series B Preferred Stock and warrants to purchase 347 shares of common stock, for a purchase price of \$99,990.

On December 1, 2017, as part of a planned recapitalization, we sold 750 shares of Series D Convertible Preferred Stock (the “Series D Preferred Stock”) to Sabby Healthcare Master Fund, Ltd., who was then a beneficial owner of more than 5% of our common stock (the “Series D Investor”) in a private placement (the “Series D Private Placement”) pursuant to a securities purchase agreement (the “Series D Purchase Agreement”), dated November 28, 2017, for aggregate gross proceeds of \$750,000. The stated value of each share of Series D Preferred Stock was \$1,000, and the Series D Preferred Stock was initially convertible, at the option of the holder, into shares of our common stock (subject to the beneficial ownership limitation set forth in the certificate of designation for the Series D Preferred Stock (“Series D Certificate of Designation”)), at a conversion price of \$7.00 per share, subject to adjustment as provided in the Series D Certificate of Designation. Pursuant to the Series D Purchase Agreement and the Series D Certificate of Designation, the purchasers of Series D Preferred Stock had the option, subject to certain limitations, to exchange their Series D Preferred Stock into the securities issued in a subsequent offering (the “Series D Exchange Right”) or into the securities we sell in an offering of our common stock or common stock equivalents for gross proceeds of at least \$8 million (a “Qualified Offering”) upon consummation of a Qualified Offering on a \$1.00 per stated value for \$1.00 new subscription amount basis. In addition, in accordance with the Series D Purchase Agreement, the certificate of designation for the Series B Preferred Stock was amended to provide that each share of outstanding Series B Preferred Stock would be automatically exchanged into the securities we sell in a Qualified Offering on a \$1.00 per stated value for \$1.00 new subscription amount basis. As a result of the issuance and sale of the Series D Preferred Stock, the conversion price of our outstanding shares of Series B Preferred Stock was reduced to \$7.00 pursuant to the anti-dilution adjustment provisions of the Series B Preferred Stock. There was no change to the conversion price of our outstanding Series C Convertible Preferred Stock (the “Series C Preferred Stock”) as a result of an amendment made to the terms of the Series C Preferred Stock exempting the issuance of the Series D Preferred Stock from the anti-dilution adjustment provisions of the Series C Preferred Stock. The conversion price for each of our Series B Preferred Stock, our Series C Preferred Stock and our Series D Preferred was subsequently reduced to \$3.00 per share in connection with the March 2018 offering, to \$1.75 per share in connection with the April 2018 offering, and to \$0.30 per share in connection with the July 2018 offering, as described below.

On February 21, 2018, the Series D Purchase Agreement was amended to require us (i) to use 15% of the proceeds from any subsequent offering of our securities that is not a Qualified Offering to redeem the outstanding shares of the Series C Preferred Stock held by the Series D Investor at a per share purchase price equal to the stated value of the Series C Preferred Stock, and (ii) upon closing of any subsequent offering that is a Qualified Offering, to exchange all remaining outstanding shares of Series C Preferred Stock held by the Series D Investor for any securities issued in such Qualified Offering on a \$1.00 per stated value for \$1.00 new subscription amount basis (subject to the beneficial ownership limitation set forth in the certificate of designation for the Series C Preferred Stock). In the event that we fail, or are unable, to issue securities issued in the Qualified Offering to the Series D Investor in exchange for such investor’s remaining Series C Preferred Stock due to limitations mandated by the NYSE American, the SEC, or for any other reason, we were required to offer to purchase from such investor those shares of Series C Preferred Stock not exchanged for the securities sold in the Qualified Offering at a per share purchase price equal to the stated value of Series C Preferred Stock.

On February 26, 2018, we and the Series D Investor entered into a waiver agreement which provided that (i) the Series D Exchange Right would not be applicable to an offering of up to \$7,000,000 which occurred no later than March 9, 2018, (ii) we shall reduce the conversion price of the Series D Preferred Stock to the public offering price of our common stock in such offering, (iii) instead of using 15% of the proceeds from such offering to redeem shares of

Series C Preferred Stock held by the Series D Investor, we shall use 15% of the proceeds from such offering to redeem a portion of the outstanding shares of Series D Preferred Stock held by the Series D Investor at a per share purchase price equal to the stated value of the Series D Preferred Stock, and (iv) we shall file a registration statement with the SEC under the Securities Act of 1933, as amended, in order to register the resale of the shares of common stock issuable upon the conversion of the Series D Preferred Stock as soon as practicable following the closing of such offering, but in no event later than seven days following such closing and to cause such registration statement to become effective as soon as practical after its filing.

On March 1, 2018, we closed an underwritten public offering of 1,000,000 shares of our common stock at a price to the public of \$3.00 per share, thus triggering the rights under the above described February 26, 2018 agreement. Upon closing of the offering, we used \$450,000 of the proceeds from the offering to redeem 450 shares of Series D Preferred Stock. As a result of such offering, the conversion price for each of our Series B Preferred Stock, our Series C Preferred Stock and our Series D Preferred Stock was reduced to \$3.00 per share.

On March 28, 2018, we and the Series D Investor entered into the second waiver agreement which provided that (i) the Series D Exchange Right would not be applicable to a subsequent financing consisting solely of shares of common stock, which shall be publicly registered on Form S-3 for gross proceeds to us of up to \$5,000,000, to be consummated by not later than April 3, 2018 (the “Planned April 2018 Offering”), (ii) our obligation to use 15% of the proceeds from any subsequent offering of our securities that is not a Qualified Offering to redeem the outstanding shares of the Series C Preferred Stock held by the Series D Investor would not be applicable to the Planned April 2018 Offering, (iii) we shall reduce the conversion price of the Series D Preferred Stock to the public offering price of our common stock sold in the Planned April 2018 Offering, and (iv) we shall use \$300,000 of the proceeds from the Planned April 2018 Offering to redeem outstanding shares of Series C Preferred Stock held by the Series D Investor at a per share purchase price equal to the stated value of the Series C Preferred Stock.

On April 2, 2018, we closed an underwritten public offering of 2,857,143 shares of our common stock at a price to the public of \$1.75 per share, thus triggering the rights under the above described March 28, 2018 second waiver agreement. Upon closing of the offering, we used \$300,000 of the proceeds from the offering to redeem 46,875 shares of our Series C Preferred Stock held by the Series D Investor. As a result of such offering, the conversion price for each of our Series B Preferred Stock, our Series C Preferred Stock and our Series D Preferred Stock was reduced to \$1.75 per share.

On June 28, 2018, we and the Series D Investor entered into a letter agreement (the “Letter Agreement”) which further amended the Series D Purchase Agreement to provide that, notwithstanding anything to the contrary in the prior agreements, in the event we consummate a Qualified Offering in which the Series D Investor and its affiliates invest at least \$3 million, (i) instead of an automatic exchange of all outstanding shares of Series C Preferred Stock held by the Series D Investor into securities issued in a Qualified Offering on a \$1.00 per stated value for \$1.00 new subscription amount basis, all outstanding shares of Series C Preferred Stock held by the Series D Investor will be redeemed at a per share purchase price equal to the stated value of the Series C Preferred Stock, and (ii) all outstanding shares of Series D Preferred Stock will be redeemed at a per share purchase price equal to the stated value of the Series D Preferred Stock.

On July 3, 2018, we closed an underwritten public offering of (i) 10,851,417 common units, with each common unit being comprised of one share of our common stock, and one Series D warrant to purchase one share of common stock and (ii) 22,481,916 pre-funded units, with each pre-funded unit being comprised of one pre-funded warrant to purchase one share of common stock and one Series D warrant. The underwriter exercised its option to purchase an additional 4,999,999 Series D warrants to purchase 4,999,999 shares of common stock. Pursuant to the full ratchet anti-dilution adjustment provisions in the respective certificate of designation for the Series B Preferred Stock and Series C Preferred Stock, the conversion price of the outstanding shares of the Series B Preferred Stock and the Series C Preferred Stock was reduced to \$0.30 per share.

Pursuant to the Letter Agreement, on July 3, 2018, upon closing of the public offering that was a Qualified Offering, we used \$2,264,269 of the net proceeds of the offering to redeem 306,917 shares of Series C Preferred Stock and 300

shares of Series D Preferred Stock held by the Series D Investor.

In accordance with our audit committee charter, the audit committee is required to approve all related party transactions. In general, the audit committee will review any proposed transaction that has been identified as a related party transaction under Item 404 of Regulation S-K, which means a transaction, arrangement or relationship in which we and any related party are participants in which the amount involved exceeds \$120,000. A related party includes (i) a director, director nominee or executive officer of us, (ii) a security holder known to be an owner of more than 5% of our voting securities, (iii) an immediate family member of the foregoing or (iv) a corporation or other entity in which any of the foregoing persons is an executive, principal or similar control person or in which such person has a 5% or greater beneficial ownership interest.

REPORT OF THE AUDIT COMMITTEE

The audit committee has reviewed and discussed the Company's audited financial statements and related footnotes for the year ended December 31, 2018, and the independent auditor's report on those financial statements, with management and with our independent auditor, Kesselman & Kesselman, Certified Public Accountants, a member of PricewaterhouseCoopers International Limited ("Kesselman"). The audit committee has also discussed with Kesselman the matters required to be discussed by the statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The audit committee has also received the written disclosures and the letter from Kesselman required by applicable requirements of the Public Company Accounting Oversight Board regarding Kesselman's communications with the audit committee concerning independence, and has discussed with Kesselman that firm's independence.

Based on the review and the discussions referred to in the preceding paragraph, the audit committee determined that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, that was filed with the SEC.

The Audit Committee:

Michael Berman
Thomas J. Kester (Chairman)
Paul Stuka

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to the beneficial ownership of our common stock as of February 18, 2019 by:

each person known by us to beneficially own more than 5.0% of our common stock;

each of our directors;

each of the named executive officers; and

all of our directors and executive officers as a group.

Edgar Filing: InspireMD, Inc. - Form DEF 14A

The percentages of common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of the security, or investment power, which includes the power to dispose of or to direct the disposition of the security.

Except as indicated in the footnotes to this table, each beneficial owner named in the table below has sole voting and sole investment power with respect to all shares beneficially owned and each person's address is c/o InspireMD, Inc., 4 Menorat Hamaor St., Tel Aviv, Israel 6744832. As of February 18, 2019, we had 41,881,795 shares outstanding.

Name of Beneficial Owner	Number of Shares Beneficially Owned⁽¹⁾	Percentage Beneficially Owned⁽¹⁾
5% Owners		
Sol J. Barer, Ph.D.	3,469,899	(2) 7.67 %
Officers and Directors		
Craig Shore	803,402	(3) *
James Barry, Ph.D.	2,003,397	(4) 4.78 %
Michael Berman	392	(5) *
Campbell Rogers, M.D.	130,380	(6) *
Paul Stuka	233,830	(7) *
Thomas Kester	130,239	(8) *
Agustin V. Gago	-	(9) *
All directors and executive officers as a group (7 persons)	3,301,640	7.88 %

* Represents ownership of less than one percent.

Shares of common stock beneficially owned and the respective percentages of beneficial ownership of common stock assumes the exercise of all options, warrants and other securities convertible into common stock beneficially owned by such person or entity currently exercisable or exercisable within 60 days of February 18, 2019. Shares (1) issuable pursuant to the exercise of stock options and warrants exercisable within 60 days are deemed outstanding and held by the holder of such options or warrants for computing the percentage of outstanding common stock beneficially owned by such person, but are not deemed outstanding for computing the percentage of outstanding common stock beneficially owned by any other person.

Includes (i) options to purchase 818 shares of common stock that are currently exercisable or exercisable within 60 days of February 18, 2019, (ii) warrants to purchase 4,581 shares of common stock that are currently exercisable or (2) exercisable within 60 days of February 18, 2019, (iii) 133,672 shares of common stock and (iv) includes 3,330,828 shares of common stock issuable upon conversion of Series B Preferred Stock that are currently convertible within 60 days of February 18, 2019.

Consists of (i) 355 shares of common stock, (ii) options to purchase 336 shares of common stock that are currently exercisable or exercisable within 60 days of February 18, 2019, (iii) 300,168 shares of restricted stock granted (3) under the Israeli Appendix of the InspireMD, Inc. 2013 Long-Term Incentive Plan and (iv) 502,543 shares of restricted stock granted to employees under the Israeli Appendix of the InspireMD, Inc. 2013 Long-Term Incentive Plan held in trust, and with respect to which Mr. Shore was granted a proxy with the right to vote such shares at his discretion.

Consists of (i) 1,382 shares of common stock, (ii) 2,000,000 shares of restricted stock granted under the (4) InspireMD, Inc. 2013 Long-Term Incentive Plan and (iii) options to purchase 2,015 shares of common stock that are currently exercisable or exercisable within 60 days of February 18, 2019.

Includes options to purchase 387 shares of common stock that are currently exercisable or exercisable within 60 (5) days of February 18, 2019. Excludes 130,000 shares of restricted stock granted under the Israeli Appendix of InspireMD, Inc. 2013 Long-Term Incentive Plan held in trust, with respect to which the trustee has a proxy with the right to vote such shares at his discretion.

Consists of (i) 130,000 shares of restricted stock granted under the InspireMD, Inc. 2013 Long-Term Incentive (6) Plan, (ii) options to purchase 364 shares of common stock that are currently exercisable or exercisable within 60 days of February 18, 2019, and (iii) warrants to purchase 5 shares of common stock that are currently exercisable or exercisable within 60 days of February 18, 2019.

Paul Stuka is the principal and managing member of Osiris Investment Partners, L.P., and, as such, has beneficial ownership of (A) (i) 12,811 shares of common stock, (ii) warrants to purchase 319 shares of common stock that are (7) currently exercisable or exercisable within 60 days of February 18, 2019 in addition to (B) personally holding (i) options to purchase 419 shares of common stock that are currently exercisable or exercisable within 60 days of February 18, 2019, (ii) 195,000 shares of restricted stock granted under the InspireMD, Inc. 2013 Long-Term Incentive Plan, (iii) warrants to purchase 347 shares of common stock that are currently exercisable or exercisable within 60 days of February 18, 2019, and (iv) 24,934 shares of common stock.

(8) Consists of 130,000 shares of restricted stock granted under the InspireMD, Inc. 2013 Long-Term Incentive Plan, and (ii) options to purchase 239 shares of common stock that are currently exercisable or exercisable within 60

days of February 18, 2019.

(9) Mr. Gago served as our executive vice president and chief commercial officer and resigned as of September 30, 2018.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and officers, and persons who own more than ten percent of our common stock, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock. Directors, officers and persons who own more than ten percent of our common stock are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on a review of the copies of such reports furnished to us, during the twelve months ended December 31, 2018, each of our directors, officers and greater than ten percent stockholders complied with all Section 16(a) filing requirements applicable to our directors, officers and greater than ten percent stockholders.

PROPOSAL 1: ELECTION OF CLASS 2 DIRECTORS

The board of directors currently consists of five members and is classified into three classes of similar size. The members of each class are elected in different years, so that only one-third of the board is elected in any single year. As indicated below, we currently have one director in Class 1 (with a term of office expiring in 2021), two directors in Class 2 (with a term of office expiring this year), and two directors in Class 3 (with a term of office expiring in 2020). This year, the board of directors has nominated Michael Berman and Campbell Rogers, M.D., for re-election as Class 2 directors.

Each of Mr. Berman and Dr. Rogers has been nominated to serve for a term of office to expire at the Annual Meeting of Stockholders in 2022, to hold office until his successor has been duly elected and qualified. Stockholders will be unable to vote for more than two persons. Directors are elected by a plurality of the votes present in person or represented by proxy and entitled to vote at the Annual Meeting. Assuming the presence of a quorum, the two director nominees who receive the most votes cast in the election of directors will be elected as Class 2 directors. Should any of the director nominees become unable or unwilling to accept nomination or election, the proxy holders may vote the proxies for the election, in his stead, of any other person the board of directors may nominate or designate. Each of the director nominees has expressed his intention to serve the entire term for which election is sought.

Directors and Nominees

The following table and text set forth the name, age and positions of the director nominee and each director currently serving on our board of directors:

Name