

INSPIREMD, INC.
AUDIT COMMITTEE CHARTER

1. Purpose

The Audit Committee is appointed by the board of directors (the “*Board*”) to oversee the accounting and financial reporting processes of InspireMD, Inc. (the “*Company*”) and the audits of the Company’s financial statements. In that regard, the Audit Committee assists the Board in monitoring (1) the integrity of the financial statements of the Company, (2) the independent auditor’s qualifications and independence, (3) the performance of the Company’s independent auditors, and (4) the compliance by the Company with legal and regulatory requirements.

The Audit Committee shall also prepare the report required by the rules of the Securities and Exchange Commission (the “*Commission*”) to be included in the Company’s annual proxy statement.

2. Committee Membership

The Audit Committee shall consist of no fewer than three members. Each member of the Audit Committee shall meet the independence and experience requirements of the NYSE MKT Company Guide (the “*NYSE MKT Rules*”), except that only one member of the Audit Committee is required to meet the financial sophistication requirements set forth in Section 803B(2)(a)(iii) of the NYSE MKT Rules. In addition, each member of the Audit Committee shall meet the independence and experience requirements of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”). No member of the Audit Committee shall have participated in the preparation of the financial statements of the Company or any then current subsidiary of the Company in the past three years. At least one member of the Audit Committee shall be an “audit committee financial expert” as defined by the U.S. Securities and Exchange Commission.

Notwithstanding the above, the following exception to the Audit Committee independence requirements shall apply: one director who does not meet the definition of independence set forth in Section 803A of the NYSE MKT Rules, but who satisfies the requirements of Rule 10A-3 under the Exchange Act, and is not a current officer or employee of the Company or an immediate family member of an officer or employee of the Company, may be appointed to the Committee, if the board, under exceptional and limited circumstances, determines that membership on the Committee by the individual is required by the best interests of the Company and its stockholders, and the Board discloses in the proxy statement for the next annual meeting (or, if the Company does not file a proxy statement, in its Form 10-K) subsequent to such determination the nature of the relationship and the reasons for the determination. A director appointed pursuant to this exception may not serve for in excess of two consecutive years and may not chair the audit committee.

In addition, the following cure periods shall apply: if an Audit Committee member ceases to be independent accordance with Section 803A of the NYSE MKT Rules and/or the requirements of Rule 10A-3 under the Exchange Act for reasons outside the member’s reasonable control, that person, with prompt notice to the NYSE MKT, may remain an Audit Committee member until the earlier of the Company’s next annual stockholders’ meeting or one year from the occurrence of the event that caused the member to be no longer independent. If the Company is not already relying on this provision, and falls out of compliance with the requirements regarding Audit Committee composition due to a single vacancy on the Audit Committee, then the Company will have until the earlier of the next annual stockholders’ meeting or one year from the occurrence of the event that caused the failure to comply with the Audit Committee composition requirements; provided, however, that if the annual stockholders’ meeting occurs no later than 180 days (75 days if the Company is then a Smaller Reporting Company)

following the event that caused the failure to comply with the Audit Committee composition requirement, the Company shall instead have 180 days (75 days if the Company is a Smaller Reporting Company) from such event to regain compliance.

Members shall be appointed by the Board based on nominations by the Company's Board or, at any time that the Company has a nominating committee, such committee. Members shall serve at the pleasure of the Board and for such term or terms as the Board may determine.

3. Committee Authority and Responsibilities

The Audit Committee shall have the sole authority to appoint, determine funding for, and oversee the outside auditors (subject, if applicable, to stockholder ratification). The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.

The Audit Committee shall pre-approve all auditing services, internal control-related services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimis exception for non-audit services that are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Audit Committee at its next scheduled meeting.

The Audit Committee, to the extent it deems necessary or appropriate, shall:

3.1. Financial Statement and Disclosure Matters

- Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
- Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements.
- Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
- Review and discuss with management and the independent auditor any major issues as to the adequacy of the Company's internal controls, any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.

- Review and discuss with management and the independent auditor the Company’s internal controls report and the independent auditor’s attestation of the report prior to the filing of the Company’s Form 10-K.
- Review and discuss quarterly reports from the independent auditors on:
 - all critical accounting policies and practices to be used;
 - all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
 - other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- Discuss with management the Company’s earnings press releases, including the use of “pro forma” or “adjusted” non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
- Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company’s financial statements.
- Discuss with management the Company’s major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company’s risk assessment and risk management policies.
- Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
- Review disclosures made to the Audit Committee by the Company’s CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company’s internal controls.
- Ensure that a public announcement of the Company’s receipt of an audit opinion that contains a going concern qualification is made promptly.

3.2. Oversight of the Company’s Relationship with the Independent Auditor

- Review and evaluate the lead partner of the independent auditor team.

- Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm and (c) any steps taken to deal with any such issues. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.
- Obtain from the independent auditor a formal written statement delineating all relationships between the independent auditor and the Company. It is the responsibility of the Audit Committee to actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor and for purposes of taking, or recommending that the full Board take, appropriate action to oversee the independence of the outside auditor.
- Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.
- Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor.
- Discuss with the independent auditor material issues on which the national office of the independent auditor was consulted by the Company's audit team.
- Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

3.3. Compliance Oversight Responsibilities

- Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated.
- Obtain reports from management and the independent auditor that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Code of Business Conduct and Ethics. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Ethics.
- Approve all related party transactions.
- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and

the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

- Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.
- Discuss with the Company's General Counsel or outside counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.

4. Limitation of Audit Committee's Role

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

5. Committee Structure and Operations

The Board shall designate one member of the Audit Committee as its chairperson. The chairperson shall, if present, preside at all meetings of the Audit Committee. In the event of a tie vote on any issue, the chairperson's vote shall decide the issue.

The Audit Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

The Audit Committee shall meet as often as it determines necessary but not less frequently than quarterly. The Audit Committee shall meet periodically in separate executive sessions with management and the independent auditor, and have such other direct and independent interaction with such persons from time to time as the members of the Audit Committee deem appropriate. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

6. Delegation to Subcommittee

The Audit Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Audit Committee consisting of one or more members or to one or more designated members of the Audit Committee.

7. Performance Evaluation

The Audit Committee shall prepare and review with the Board an annual performance evaluation of the Audit Committee, which evaluation shall compare the performance of the Audit Committee with the requirements of this charter. The performance evaluation shall also recommend to the Board any improvements to the Audit Committee's charter deemed necessary or desirable by the Audit Committee. The performance evaluation by the Audit Committee shall be conducted in such manner as the Audit Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Audit Committee or any other member of the Audit Committee designated by the Audit Committee to make this report.

8. Resources of the Audit Committee

The Audit Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority, to the extent it deems necessary or appropriate, to select, engage, terminate and determine funding for independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company and to any advisors employed by the Audit Committee, as well as funding for the payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties. Any communications between the Audit Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company, and the Audit Committee will take all necessary steps to preserve the privileged nature of those communications.