

# INSPIREMD, INC.

## FORM 8-K (Current report filing)

Filed 01/06/15 for the Period Ending 01/05/15

Address	321 COLUMBUS AVENUE BOSTON, MA 02116
Telephone	(857) 453-6553
CIK	0001433607
Symbol	NSPR
SIC Code	3841 - Surgical and Medical Instruments and Apparatus
Industry	Medical Equipment & Supplies
Sector	Healthcare
Fiscal Year	12/31

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): January 5, 2015

**InspireMD, Inc.**

(Exact name of registrant as specified in its charter)

---

Delaware  
(State or other  
jurisdiction  
of incorporation)

---

001-35731  
(Commission File Number)

---

26-2123838  
(IRS Employer  
Identification No.)

---

321 Columbus Avenue  
Boston, Massachusetts  
(Address of principal executive offices)

---

02116  
(Zip Code)

Registrant's telephone number, including area code: (857) 453-6553

---

(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 2.02 Results of Operations and Financial Condition.**

On January 5, 2015, InspireMD, Inc. (the “Company”) issued a press release pre-announcing its revenue and cash and cash equivalents for the fiscal quarter ended December 31, 2014. A copy of this press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, that is furnished pursuant to this Item 2.02 shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

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

On January 5, 2015, the Company amended each of (i) that certain Employment Agreement with Alan Milinazzo, the Company’s president and chief executive officer, dated as of January 3, 2013, as first amended on April 24, 2013, and (ii) that certain Employment Agreement with James J. Barry, PhD, the Company’s executive vice president and chief operating officer, dated as of July 14, 2014, in order to provide that, for a limited period of time to be mutually agreed to by the Company and each of Mr. Milinazzo and Mr. Barry, each of Mr. Milinazzo and Mr. Barry shall receive 50% of his base salary in cash payments, with the remaining 50% to be paid in an equivalent amount of shares of restricted common stock of the Company, payable and granted in equal installments in accordance with the Company’s normal payroll practices (collectively, the “Base Salary Amendments”). Such shares of restricted stock to be issued in lieu of cash base salary shall vest immediately and be valued as of the closing price of the Company’s common stock on the trading day on the date of grant.

On January 5, 2015, the Company amended the Amended and Restated Employment Agreement with Craig Shore, the Company’s chief financial officer, chief administrative officer, secretary and treasurer, dated as of May 5, 2014, to modify the terms of his annual bonus (the “Annual Bonus Amendment” and together with the Base Salary Amendments, the “Amendments”). The Annual Bonus Amendment removed from Mr. Shore’s Amended and Restated Employment Agreement the provision disallowing payment of annual bonus compensation if he achieved less than 70% of the target objectives and performance goals determined by the Company’s Board of Directors in consultation with Mr. Shore. Pursuant to the Annual Bonus Amendment, Mr. Shore is eligible to receive the percentage of his annual bonus corresponding to the percentage of his achievement of such target objectives and performance goals.

The foregoing summaries of the Amendments are not complete, and are qualified in their entirety by reference to the full text of such Amendments that are attached as Exhibits 10.1, 10.2 and 10.3 of this Current Report on Form 8-K.

---

On January 5, 2015, the Company's compensation committee amended its compensation policy for directors to provide that effective as of July 1, 2014, each director shall forego any cash compensation in exchange for such number of immediately vested 10 year stock options having a black-scholes value equal to the cash compensation otherwise due to such director under the Company's current director compensation policies. As a result of such amendment, on January 5, 2014, the Company granted to each of Sol Barer, Michael Berman, James Loughlin, Campbell Rogers and Paul Stuka, each a director of the Company, options to purchase 41,611, 38,045, 48,745, 32,100 and 46,367 shares of Company's common stock, respectively, in lieu of the cash compensation that was owed to them for their services as directors for the third and fourth calendar quarters of 2014 (which was \$17,500, \$16,000, \$20,500, \$13,500 and \$19,500, respectively). Each of these options has a term of 10 years, an exercise price of \$0.78 per share, the closing price of the Company's common stock on the date of the grant, and vested immediately.

**Item 8.01 Other Events.**

The information set forth in Item 2.02 of this report is incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit Number</b>	<b>Description</b>
10.1	Second Amendment to Employment Agreement, dated January 5, 2015, by and between InspireMD, Inc. and Alan Milinazzo
10.2	Amendment to Employment Agreement, dated January 5, 2015, by and between InspireMD, Inc. and James J. Barry, PhD
10.3	First Amendment to Amended and Restated Employment Agreement, dated January 5, 2015, by and between InspireMD, Inc. and Craig Shore
99.1	Press Release dated January 5, 2015

---

## 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: January 6, 2015

By:           /s/ Craig Shore          

Name: Craig Shore

Title: Chief Financial Officer

---

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

This SECOND AMENDMENT TO EMPLOYMENT AGREEMENT (this "Amendment") is made and entered as of this 5th day of January, 2015, (the "Amendment Effective Date") by and between InspireMD, Inc., a Delaware corporation (the "Company"), and Alan W. Milinazzo (the "Executive") for purposes of amending that certain Employment Agreement dated as of January 3, 2013, as first amended on April 24, 2013, by and between the Company and the Executive (the "Agreement"). Terms used in this Amendment with initial capital letters that are not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

WHEREAS, Section 7.5 of the Agreement provides that the parties to the Agreement may amend the Agreement in a writing signed by the parties; and

WHEREAS, the parties hereto desire to amend the Agreement in certain respects.

NOW THEREFORE, pursuant to Section 7.5 of the Agreement, and for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Company and the Executive agree as follows:

1. A new Section 2.5 is hereby added to the Agreement to read in its entirety as follows.

2.5 Temporary Base Salary Redistribution. Notwithstanding the foregoing, the Executive and the Company agree that for a limited period of time to be mutually agreed to by the parties, the Executive shall receive 50% of his base salary in cash payments, with the remaining 50% to be paid in an equivalent amount of Restricted Stock, payable and granted in equal installments in accordance with the Company's normal payroll practices. The Restricted Stock shall vest immediately and be valued as of the trading day on the date the cash base salary was previously payable. For the avoidance of any doubt, the parties agree that the definition of Base Amount set forth in Exhibit A hereto, shall refer only to the full amount of the Executive's base salary prior to any redistribution or reduction agreed to hereunder.

2. Except as expressly amended by this Amendment, the Agreement shall continue in full force and effect in accordance with the provisions thereof.

3. In the event of a conflict between the Agreement and this Amendment, this Amendment shall govern.

\*\*\*\*\*

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



**IN WITNESS WHEREOF** , the parties have executed this Second Amendment to Employment Agreement as of the Amendment Effective Date.

**THE COMPANY:**

INSPIREMD, INC.

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

**EXECUTIVE:**

          /s/ Alan W. Milinazzo            
Alan W. Milinazzo

---

AMENDMENT TO EMPLOYMENT AGREEMENT

This AMENDMENT TO EMPLOYMENT AGREEMENT (this "Amendment") is made and entered as of this 5th day of January, 2015, (the "Amendment Effective Date") by and between InspireMD, Inc., a Delaware corporation (the "Company"), and James J. Barry, PhD (the "Executive") for purposes of amending that certain Employment Agreement dated as of July 14, 2014, by and between the Company and the Executive (the "Agreement"). Terms used in this Amendment with initial capital letters that are not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

WHEREAS, Section 7.5 of the Agreement provides that the parties to the Agreement may amend the Agreement in a writing signed by the parties; and

WHEREAS, the parties hereto desire to amend the Agreement in certain respects.

NOW THEREFORE, pursuant to Section 7.5 of the Agreement, and for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Company and the Executive agree as follows:

- 1. A new Section 2.5 is hereby added to the Agreement to read in its entirety as follows.

2.5 Temporary Base Salary Redistribution. Notwithstanding the foregoing, the Executive and the Company agree that for a limited period of time to be mutually agreed to by the parties, the Executive shall receive 50% of his base salary in cash payments, with the remaining 50% to be paid in an equivalent amount of Restricted Stock, payable and granted in equal installments in accordance with the Company's normal payroll practices. The Restricted Stock shall vest immediately and be valued as of the trading day on the date the cash base salary was previously payable. For the avoidance of any doubt, the parties agree that the definition of Base Amount set forth in Exhibit A hereto, shall refer only to the full amount of the Executive's base salary prior to any redistribution or reduction agreed to hereunder.

- 2. Except as expressly amended by this Amendment, the Agreement shall continue in full force and effect in accordance with the provisions thereof.

- 3. In the event of a conflict between the Agreement and this Amendment, this Amendment shall govern.

\*\*\*\*\*

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





IN WITNESS WHEREOF , the parties have executed this Amendment to Employment Agreement as of the Amendment Effective Date.

**THE COMPANY:**

INSPIREMD, INC.

By:           /s/ Alan W. Milinazzo            
Name:           Alan W. Milinazzo            
Title:           President and Chief Executive Officer          

**EXECUTIVE:**

          /s/ James J. Barry PhD            
James J. Barry PhD

---

**FIRST AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT**

This FIRST AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this “*Amendment*”) is made and entered as of this 5th day of January, 2015, (the “*Amendment Effective Date*”) by and between InspireMD, Inc., a Delaware corporation (the “*Company*”), and Craig Shore (the “*Executive*”) for purposes of amending that certain Amended and Restated Employment Agreement dated as of May 5, 2014, by and between the Company and the Executive (the “*Agreement*”). Terms used in this Amendment with initial capital letters that are not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

**WHEREAS**, Section 7.5 of the Agreement provides that the parties to the Agreement may amend the Agreement in a writing signed by the parties; and

**WHEREAS**, the parties hereto desire to amend the Agreement in certain respects.

**NOW THEREFORE**, pursuant to Section 7.5 of the Agreement, and for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Company and the Executive agree as follows:

1. Section 2.3 of the Agreement is hereby amended as of the Amendment Effective Date by deleting said section in its entirety and substituting in lieu thereof the following new Section 2.3:

**2.3 Bonus or other Incentive Compensation.** During the Term, the Executive shall be eligible to receive annual bonus compensation in an amount equal to 45% of his then-base salary (the “Annual Bonus”) upon the achievement of reasonable target objectives and performance goals as may be determined by the Board in consultation with the Executive (the “Goals”). The Goals shall be based 40% on financial target objectives, 20% on pipeline target objectives (by way of example, for 2014, the Carotid launch, DES project definition, and Peripheral CE Mark), 20% on clinical target objectives (by way of example, for 2014, MASTER II enrollment and Carotid CARE study enrollment), and 20% on partnership target objectives (by way of example, for 2014, the execution of two partnership agreements). Further, the financial target objectives shall be based 75% on the Company’s revenues and 25% on cash management. The Executive shall be eligible to receive 100% of the Annual Bonus if he achieves 100% of the Goals. If the Executive achieves less than 100%, then the Executive shall be eligible to receive the corresponding percentage of the Annual Bonus. By way of example and for illustrative purposes only, if the Executive achieves 85% of the Goals, then he would be eligible to receive 85% of the Annual Bonus. In the event the Executive’s actual performance exceeds the Goals, the Board may, in its sole discretion, pay the Executive bonus compensation of more than 100% of the Annual Bonus. In each case, the Annual Bonus shall be payable in accordance with the Company’s annual bonus plan (the “Bonus Plan”). Amounts payable under the Bonus Plan shall be determined by the Board and shall be payable following such fiscal year and no later than two and one-half months after the end of such fiscal year. The Executive’s Annual Bonus shall be reviewed annually by the Chief Executive Officer for increase in the amount of the percentage of his then-base salary (but not decrease), as well as the criteria and corresponding percentages for the Goals, as part of the Company’s annual compensation review. In addition to the Annual Bonus, the Executive shall be eligible to receive such additional bonus or incentive compensation as the Board may establish from time to time in its sole discretion. Any bonus or incentive compensation under this Section 2.3, the Bonus Plan or otherwise is referred to herein as “Incentive Compensation.” Stock-based compensation shall not be considered Incentive Compensation under the terms of this Agreement unless the parties expressly agree otherwise in writing. The payment of any Incentive Compensation shall be subject to all federal, state and withholding taxes, social security deductions and other general taxes and any other withholding obligations required by applicable law. Payment of Incentive Compensation with respect to a particular calendar year during the Term does not guarantee the award or payment of Incentive Compensation in any subsequent calendar year.

---

2. Except as expressly amended by this Amendment, the Agreement shall continue in full force and effect in accordance with the provisions thereof.

3. In the event of a conflict between the Agreement and this Amendment, this Amendment shall govern.

\*\*\*\*\*

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

**IN WITNESS WHEREOF** , the parties have executed this First Amendment to Amended and Restated Employment Agreement as of the Amendment Effective Date.

**THE COMPANY:**

INSPIREMD, INC.

By:           /s/ Alan W. Milinazzo          

Name:           Alan W. Milinazzo          

Title:           President and Chief Executive Officer          

**EXECUTIVE:**

          /s/ Craig Shore          

Craig Shore

---



## **InspireMD Pre-Announces a Fourth Quarter 2014 Revenue Increase of 200% Over the Third Quarter of 2014 and Provides Update on Corporate and Commercial Strategies**

*Near-term Focus On Carotid and DES Products, Streamlined Operations*

**BOSTON, MA** – January 5, 2015 – InspireMD, Inc. (NYSE MKT: NSPR) (“InspireMD” or the “Company”), a leader in stent embolic protection systems (“EPS”), today announced its revenue and cash position for the 2014 fourth quarter, ended December 31. Total revenues were approximately \$900,000, which represented a greater than 200% sequential increase over the reported revenue for the third quarter of 2014. InspireMD is also reporting cash and cash equivalents of approximately \$6.3 million, as compared to approximately \$5 million reported for the 2014 third quarter, reflecting net proceeds of \$7.4 million from the Company’s registered direct offering in November 2014.

Alan Milinazzo, CEO of InspireMD, commented: “The robust fourth quarter sequential revenue growth reflects further traction in our coronary market re-entry with the MGuard™ Prime EPS. Our selling efforts were bolstered by MASTER II 30 day data, which were consistent with the positive mortality data trend we have seen in previous MGuard studies. Further, the Limited Market Release (LMR) of our CGuard™ complemented our selling efforts and we expect significant revenue contributions throughout 2015 after we launch our RX CGuard platform in the latter half of the first quarter of 2015.”

The recent shift in the strategic focus of the Company outlined in November, as well as subsequent reductions in spending on headcount and clinical programs has improved the Company’s near term financial outlook. Targeting both CGuard and favorable bare metal stent (BMS) markets by geography, in combination with streamlined development and pre-clinical drug eluting stent (DES) spending, has had an immediate positive financial impact to the Company. Additionally, the full board of directors has converted 2015 cash compensation to equity based compensation. The net financial impact of improving revenues and recent organizational and spending reductions is anticipated to reduce the cash consumption rate of the company by 50% during 2015.

Mr. Milinazzo added: “With revenues ramping and spending reduced, we believe the Company can do two key things: focus on the foundation work required to make an impact with CGuard in the carotid market, as well as finalize our strategic partners for the DES program. We are confident that the success of our pre-clinical work should position the company to submit a DES MicroNet™ platform for CE Registration no later than the second half of 2015.”

InspireMD initiated limited market release of CGuard for carotid stenting in October 2014, and plans to launch a full market commercial program in the first quarter of 2015 after the RX CGuard system receives CE approval. In September, at the TCT Conference, InspireMD reported positive results from the CARENET clinical trial. The trial achieved its primary endpoint with 0% MACE, which is defined as no death, stroke or myocardial infarction at 30 days. The incidence of new ischemic lesions as assessed by Diffusion Weighted Magnetic Resonance Imaging after carotid artery stenting was also reduced by almost 50%, in comparison to published historical control groups of non-mesh covered carotid stents. Furthermore, the CARENET trial also reported an average lesion volume per patient that was 10 times smaller than the historical control groups. The Company expects to receive a CE mark for the Carotid RX system as well as report six-month CARENET data early in the first quarter of 2015.

### **About Stenting and MGuard™ Prime EPS**

Standard stents were not engineered for heart attack patients. They were designed for treating stable angina patients whose occlusion is different from that of an occlusion in a heart attack patient.

---



In acute heart attack patients, the plaque or thrombus is unstable and often breaks up as the stent is implanted causing downstream blockages (some of which can be fatal) in a significant portion of heart attack patients.

The MGuard Prime EPS is integrated with a precisely engineered micro net mesh that is designed to prevent the unstable arterial plaque and thrombus (clots) that caused the heart attack blockage from breaking off.

While offering superior performance relative to standard stents in STEMI patients with regard to mortality based on our MASTER I and MASTER II data, the MGuard Prime EPS requires no change in current physician practice – an important factor in promoting acceptance and general use in time-critical emergency settings.

#### **About CGuard EPS**

The proprietary CGuard EPS uses the same MicroNet technology featured on the MGuard™ and MGuard Prime™ coronary embolic protection systems. The MicroNet technology is a single fiber knitted mesh wrapped on an open cell stent platform designed to trap debris that can dislodge and travel downstream after a patient is treated with traditional stenting methods. This technology seeks to protect patients from plaque debris and blood clots breaking off and which can lead to life threatening strokes. The size, or aperture, of the MicroNet ‘pore’ is only 150-180 microns in order to maximize protection against the potentially dangerous plaque and thrombus within the carotid artery.

MGuard EPS and CGuard EPS are CE Mark approved. MGuard EPS and CGuard EPS, however, are not approved for sales in the U.S. by the U.S. Food and Drug Administration at this time.

#### **About InspireMD, Inc.**

InspireMD seeks to utilize its proprietary MGuard™ with MicroNet™ technology to make its products the industry standard for embolic protection and to provide a superior solution to the key clinical issues of current stenting in patients with a high risk of distal embolization, no reflow and major adverse cardiac events.

InspireMD intends to pursue applications of this MicroNet technology in coronary, carotid (CGuard™) and peripheral artery procedures. InspireMD's common stock is quoted on the NYSE MKT 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, multinational companies, (v) product liability claims, (vi) product malfunctions, (vii) our limited manufacturing capabilities and reliance on subcontractors for assistance, (viii) insufficient or inadequate reimbursement by governmental and other third party payers for our products, (ix) our efforts to successfully obtain and maintain intellectual property protection covering our products, which may not be successful, (x) legislative or regulatory reform of the healthcare system in both the U.S. and foreign jurisdictions, (xi) our reliance on single suppliers for certain product components, (xii) 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 (xiii) 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 (SEC), including the Company's Transition Report on Form 10-KT and its Quarterly Reports on Form 10-Q. Investors and security holders are urged to read these documents free of charge on the SEC's web site at <http://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.*

---



**Investor Contact:**

Craig Shore

Chief Financial Officer

InspireMD Inc.

Phone: 1-888-776-6804

Email: [craigs@inspiremd.com](mailto:craigs@inspiremd.com)

---