

# INSPIREMD, INC.

## **FORM 8-K** (Current report filing)

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

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FORM 8-K

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

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Date of Report (Date of earliest event reported): April 22, 2013

**InspireMD, Inc.**

(Exact name of registrant as specified in its charter)

<u>Delaware</u> (State or other jurisdiction of incorporation)	<u>001-35731</u> (Commission File Number)	<u>26-2123838</u> (IRS Employer Identification No.)
<u>4 Menorat Hamaor St.</u> Tel Aviv, Israel (Address of principal executive offices)		<u>67448</u> (Zip Code)

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

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

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

On April 22, 2013, InspireMD, Inc. (the “Company”) modified the compensation packages of Craig Shore, its chief financial officer, and Eli Bar, the senior vice president of research and development and chief technical officer of InspireMD Ltd., the Company’s wholly-owned subsidiary, in order to (i) increase the base salaries of each of Mr. Shore and Mr. Bar to \$175,000 per annum, (ii) provide that each of Mr. Shore and Mr. Bar shall be eligible to receive an annual bonus equal to up to 30% of his base salary, at the sole discretion of the compensation committee of the Company, in consultation with the Company’s chief executive officer, and (iii) provide the following termination benefits upon either of Messrs. Bar’s or Shore’s termination of service as a result of death, disability, resignation for “good reason” or termination by the Company without “cause”:

- a one-time lump sum severance payment in an amount equal to 100% of Messrs. Bar’s and Shore’s annual base salary, as applicable;
- fifty percent (50%) vesting of all unvested stock options, restricted stock, restricted stock units, stock appreciation rights or similar stock based rights outstanding at the time of termination of service; and
- the right to exercise any outstanding stock options or stock appreciation rights for a period equal to the lesser of (A) two (2) years from the date of termination of service, or (B) the period remaining until the original expiration date of any such outstanding stock options or stock appreciation rights.

In connection with these modifications, the Company has amended each of Mr. Shore’s and Mr. Bar’s outstanding options (the “Prior Equity Awards”) to provide that, upon a termination of service as a result of death, disability, resignation by either Mr. Shore or Mr. Bar for “good reason, or by the Company without “cause,” (i) fifty percent (50%) of the remaining unvested portion of the Prior Equity Awards shall vest, and (ii) the holder has a period equal to the lesser of (A) two (2) years from the date of termination of service, or (B) the period remaining until the original expiration date of such Prior Equity Award, to exercise the Prior Equity Award.

The Company intends to enter into new employment agreements with each of Mr. Shore and Mr. Bar memorializing these new compensation terms.

On April 24, 2013, the Company and Mr. Milinazzo amended each of Mr. Milinazzo’s (i) Employment Agreement, dated January 3, 2013 (the “Employment Agreement”) and (ii) Restricted Stock Award Agreement, dated January 3, 2013 (the “Restricted Stock Award Agreement” and the amendments to the Employment Agreement and Restricted Stock Award Agreement, collectively, the “Amendments”) in order to change the vesting of the restricted stock awarded to Mr. Milinazzo thereunder from monthly vesting to annual vesting. More specifically, pursuant to the original Employment Agreement and the Restricted Stock Award Agreement, the Company granted Mr. Milinazzo an award of 400,000 restricted shares of common stock of the Company (the “Common Stock”), subject to a three-year vesting period, with 1/36 vesting equally each month (the “January RS Grant”). Pursuant to the Amendments and given that 33,333 shares of the January RS Grant have already vested, the vesting schedule of the remaining 366,667 unvested shares of the January RS Grant was modified, with 100,000 shares to vest on January 3, 2014, 133,333 shares to vest on January 3, 2015 and 133,334 shares to vest on January 3, 2016.

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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 and 10.2 of this Current Report on Form 8-K. Readers should review the Amendments for a more complete understanding of their terms and conditions.

On April 25, 2013, in recognition of the significant contributions to the Company by Mr. Milinazzo since his joining the Company in January 2013, the Company granted to Mr. Milinazzo (i) options to purchase 297,447 shares of common stock of Common Stock, with an exercise price of \$2.05 per share (the "April Option Grant") and (ii) 179,866 restricted shares of Common Stock (the "April RS Grant"). The April Option Grant vests in three equal annual installments, with 1/3 vesting and becoming exercisable on each of April 25, 2014, April 25, 2015 and April 25, 2016, subject to Mr. Milinazzo's "continued service" with the Company. The April RS Grant is subject to forfeiture until vested. This award vests in three equal annual installments, with 1/3 vesting on each of April 25, 2014, April 25, 2015 and April 25, 2016, subject to Mr. Milinazzo's "continued service" with the Company.

#### **Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit Number</b>	<b>Description</b>
10.1	First Amendment to Employment Agreement, dated April 24, 2013, by and between InspireMD, Inc. and Alan Milinazzo
10.2	First Amendment to Restricted Stock Award Agreement, dated April 24, 2013, by and between InspireMD, Inc. and Alan Milinazzo

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**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.

Date: April 26, 2013

**InspireMD, Inc.**

By: /s/ Craig Shore

Name: Craig Shore

Title: Chief Financial Officer

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## EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
10.1	First Amendment to Employment Agreement, dated April 24, 2013, by and between InspireMD, Inc. and Alan Milinazzo
10.2	First Amendment to Restricted Stock Award Agreement, dated April 24, 2013, by and between InspireMD, Inc. and Alan Milinazzo

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## FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This FIRST AMENDMENT TO EMPLOYMENT AGREEMENT (this “ *Amendment* ”) is made and entered as of this 24<sup>th</sup> day of April, 2013, (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, 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** , pursuant to the Agreement, the Executive was granted 400,000 shares of restricted stock (the “ *RS Grant* ”) that are subject to a three-year vesting period, with one-thirty-sixth (1/36) of the RS Grant vesting equally each month of the Executive’s continued service to the Company;

**WHEREAS** , 33,333 shares have vested as of the Amendment Effective Date and 366,667 shares remain unvested as of the Effective Date (the “ *Unvested Shares* ”), and the parties now desire to amend the Agreement to modify the vesting provisions of the RS Grant with respect to the Unvested Shares to provide that (i) 100,000 of the Unvested Shares shall vest on January 3, 2014; (ii) 133,333 of the Unvested Shares shall vest on January 3, 2015; and (iii) the remaining 133,334 of the Unvested Shares shall vest on January 3, 2016, provided that the Executive is still employed by the Company on each respective vesting date; and

**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.

**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 Grantee agree as follows:

1. Section 2.4 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 2.4:

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2.4 Stock Compensation. On the Effective Date, the Company shall grant the Executive an option to purchase 600,000 shares of the Company's Common Stock (the "Option"), with an exercise price equal to the fair market value of the Company's Common Stock as determined by the Board as of the date of grant under the Company's Amended and Restated 2011 Umbrella Option Plan or other stock-based compensation plans as the Company may establish from time to time (collectively, the "Plans"), with one-thirty-sixth (1/36th) of the Option vesting equally each month of the Executive's continued service. In addition, on the Effective Date, the Company shall grant the Executive 400,000 shares of Restricted Stock (the "RS Grant"), which are subject to forfeiture until the vesting of such shares in accordance with the following schedule, provided that the Executive is still employed by the Company on each respective vesting date: (i) one-thirty-sixth (1/36<sup>th</sup>) of the shares shall vest on each of February 3, 2013, March 3, 2013, and April 3, 2013; (ii) 100,000 of the shares shall vest on January 3, 2014; (iii) 133,333 of the shares shall vest on January 3, 2015; and (iv) the remaining 133,334 shares shall vest on January 3, 2016. The Option and RS Grant will be governed in full by the terms and conditions of the Plans and the Executive's individual Option and RS Grant agreements to be entered into between the Company and the Executive as of the Effective Date. On or before December 31 of each calendar year during the Term, the Executive shall be eligible to receive an additional grant of equity awards under the Plans equal, in the aggregate, to up to 0.5% of the Company's actual outstanding shares of Common Stock on the date of grant (each, an "Additional Grant"), provided that the actual amount of the grant shall be based on the Executive's achievement of certain performance objectives as established by the Board, in its reasonable discretion, for each such calendar year. Each Additional Grant will be subject to a separate award agreement between the Company and the Executive under the Plans, and, with respect any awards that are options, will have an exercise price equal to the fair market value of the Company's Common Stock as determined by the Board as of the date of grant under the Plans and will be subject to a three-year vesting period subject to the Executive's continued service with the Company (as defined in the Plans), with one-third of each Additional Grant vesting equally on the first, second, and third anniversary of the date of grant for such awards.

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.

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*Signature Page Follows .* ]

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**IN WITNESS WHEREOF** , the parties have executed this Amendment 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

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**FIRST AMENDMENT TO  
RESTRICTED STOCK AWARD AGREEMENT**

This FIRST AMENDMENT TO RESTRICTED STOCK AWARD AGREEMENT (this “*Amendment*”), dated as of April 24, 2013 (the “*Effective Date*”), is made and entered into by and between InspireMD, Inc., a Delaware corporation (the “*Company*”) and Alan W. Milinazzo (the “*Grantee*”). 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 Restricted Stock Award Agreement by and between the Company and the Grantee dated January 3, 2013 (the “*Agreement*”), in the 2011 U.S. Equity Incentive Plan (the “*U.S. Appendix*”), a sub-plan to the InspireMD, Inc. Amended and Restated 2011 UMBRELLA Option Plan (the “*Umbrella Plan*”) (collectively, the Umbrella Plan and the U.S. Appendix being referred to herein as, the “*Plan*”), and in the Plan.

**WHEREAS**, pursuant to the Agreement, the Company granted the Grantee 400,000 shares of Restricted Stock (the “*Awarded Shares*”) that are subject to a three-year vesting period, with one-thirty-sixth (1/36) of the Awarded Shares vesting equally each month of the Grantee’s continued service to the Company;

**WHEREAS**, 33,333 of the total Awarded Shares have vested as of the Amendment Effective Date and 366,667 of the total Awarded Shares remain unvested as of the Effective Date (the “*Unvested Shares*”), and the parties now desire to amend the Agreement to modify the vesting provisions of the Awarded Shares with respect to the Unvested Shares to provide that (i) 100,000 of the Unvested Shares shall vest on January 3, 2014; (ii) 133,333 of the Unvested Shares shall vest on January 3, 2015; and (iii) the remaining 133,334 of the Unvested Shares shall vest on January 3, 2016, provided that the Grantee is still employed by the Company or the Group on each respective vesting date; and

**WHEREAS**, Section 21 of the Agreement and Section 7(c) of the U.S. Appendix each provide that the parties to the Agreement may amend the Agreement in a writing signed by the parties.

**NOW THEREFORE**, pursuant to Section 21 of the Agreement and Section 7(c) of the U.S. Appendix, and for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Company and the Grantee agree as follows:

1. Subsection 3(a)(i) of the Agreement is amended by deleting said Subsection in its entirety and substituting in lieu thereof the following new Subsection:
  - i. Over a three (3) year vesting period commencing on the Date of Grant, (A) one-thirty-sixth (1/36<sup>th</sup>) of the total Awarded Shares shall vest on each of February 3, 2013, March 3, 2013, and April 3, 2013; (B) 100,000 of the total Awarded Shares shall vest on January 3, 2014; (C) 133,333 of the total Awarded Shares shall vest on January 3, 2015; and (D) the remaining 133,334 of the Total Awarded Shares shall vest on January 3, 2016, provided that the Grantee has continuously provided services to the Company or the Group as an employee, consultant, or outside director through each respective vesting date.
2. The Agreement, except as modified by this Amendment, shall remain in full force and effect.

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**IN WITNESS WHEREOF** , the Company and the Grantee have executed, or caused to be executed, this Amendment effective as of the day and year first written above.

**INSPIREMD, INC.**

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

**THE GRANTEE**

/s/ Alan W. Milinazzo  
Alan W. Milinazzo

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