

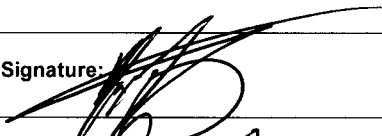
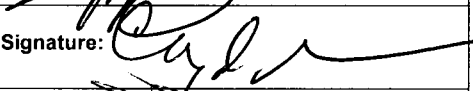
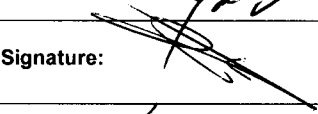
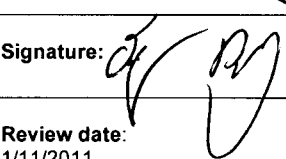


**CODE OF ETHICS
And
BUSINESS CONDUCT**

InspireMD, Inc.

November, 2011

Document control:

Issue by: Max Lapping, Controller	Date: 15/11/11	Signature: 
Approved by: Craig Shore, CFO	Date: 16/11/11	Signature: 
Approved by: Eli Bar, Sr. VP R&D & CTO	Date: 16/11/11	Signature: 
Approved by: Ofir Paz, CEO	Date: 16/11/11	Signature: 
Document Number : ICD-001-11	Version number : V1	Review date: 1/11/2011



Code of Ethics and Business Conduct

I. BASIC PRINCIPLES	3
II. ETHICS	4
III. CONFIDENTIALITY	6
IV. CONFLICTS OF INTEREST AND BUSINESS OPPORTUNITIES.....	7
V. INTERNAL ACCOUNTING CONTROLS AND PROCEDURES FOR FINANCIAL REPORTING	9
VI. USE AND PUBLIC DISCLOSURE OF INSIDE INFORMATION.....	10
VII. COMMERCIAL BRIBERY.....	11
VIII. ADOPTION, APPLICATION AND INTERPRETATION OF THE CODE.....	15

Purpose:

The Purpose of the Code of Ethics and Business Conduct is to outline the Company's expected behavior of all its' employees, managers, and directors.

Scope:

The scope of this code is all InspireMD employees, managers, and directors.

Applicable Docs:

Appendix 1- The Code of Ethics and Business Conduct Employee Acknowledgement Form.

Policy**I. BASIC PRINCIPLES**

At InspireMD, Inc. (the "*Company*"), we are committed to always doing the right thing. This Code of Ethics and Business Conduct is specifically designed to be part of an effective program to deter wrongdoing and promote honest and ethical conduct. Before you review specific principles, you should have a general sense of the Company's basic principles, which we believe are reflected in this Code of Ethics and Business Conduct. These principles are:

- We will be honest and fair in the conduct of our business.
- We will strictly adhere to the letter and spirit of all laws.
- We will strive to provide high-quality products and services.
- We will be good corporate citizens. We will comply with the laws and strive to conform to locally accepted standards of good corporate citizenship in each country in which we do business.
- We will promote and sustain a work environment that fosters mutual respect, openness and individual integrity.

This Code of Ethics and Business Conduct is not just for our employees. All directors and employees must be informed of and comply with the Code of Ethics and Business Conduct. In some cases, Israeli, U.S. or other countries' laws may impose upon our business associates, including directors and employees, an obligation to comply with and to help us comply with certain laws. Also, as the actions of our directors and employees may be attributable to the Company, we must insist they conduct themselves in accordance with this

Code of Ethics and Business Conduct in carrying out those actions, and help us comply with applicable laws.

II. ETHICS

A. Purpose.

The Code of Ethics and Business Conduct of the Company contains the specific corporate policies adopted by the Board of Directors that relate to the legal and ethical standards of conduct of officers, directors and employees of the Company.

The purposes of this Code of Ethics and Business Conduct are to:

- provide a general statement regarding the Company's expectations as to the legal and ethical nature of conduct of the Company's officers, directors, employees, and independent contractors and service providers subject to the Company's supervision and control ("*Covered Persons*") while acting on the Company's behalf; and
- promote the honest and ethical conduct of all Covered Persons, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, full, fair, accurate, timely and understandable disclosure in periodic reports required to be filed by the Company, compliance with all applicable governmental rules and regulations, prompt internal reporting of violations of this Code of Ethics and Business Conduct, and accountability for adherence to this Code of Ethics and Business Conduct; and
- provide for the administration of the Company's Code of Ethics and Business Conduct.

The Company encourages all Covered Persons to choose the course of the highest integrity. The Company recognizes that local customs, traditions, and mores differ from place to place. But, honesty is not subject to criticism in any culture. A reputation for honesty is a priceless company asset.

The Company cares how results are obtained, not just that they are obtained. Covered Persons should act accordingly. Covered Persons must be encouraged to report to higher management all that they are doing, to record all transactions accurately in their books and records, and to be honest and forthcoming with the Company's internal and external auditors. The Company expects Covered Persons to report suspected violations of law, of this Code of Ethics and Business Conduct or of the Company's other policies to Company management. The Company expects compliance with its standard of integrity throughout the organization and will not tolerate Covered Persons who achieve results at the cost of violation of laws, this Code of Ethics and Business Conduct, or who deal unscrupulously. The Company supports,

and expects you to support, any Covered Person who passes up an opportunity or advantage that would sacrifice ethical standards.

Equally important, the Company expects candor from managers at all levels and compliance with Company policies, accounting rules, and controls. One harm that results when managers conceal information from higher management or the auditors is that subordinates within their organizations think they are being given a signal that Company policies and rules can be ignored when they are inconvenient. The Company's system of management will not work without honesty, including honest bookkeeping, honest budget proposals, and honest economic valuation of projects.

B. Policy.

1. Compliance with Law. It is the Company's policy to observe and comply with all laws, rules and regulations of governmental agencies and authorities ("*Laws*") applicable to it or the conduct of its business wherever located. In some situations the applicable Laws of the different jurisdictions in which the Company operates may conflict. In such cases the Company will endeavor to resolve such conflict following the guidance of the General Counsel's office.
2. Personal and Business Ethics. Beyond compliance with the Laws, all Covered Persons are expected to observe high standards of business and personal ethics in the discharge of their assigned duties and responsibilities. This requires the practice of honesty, integrity and fair dealing in every aspect of dealing with other Company employees, the public, the business community, stockholders, customers, suppliers and governmental and regulatory authorities. No Covered Person should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing or practice.
3. Protection and Proper Use of Company Assets. All Covered Persons should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. All Company assets should be used only for legitimate business purposes.
4. Proper Reporting. All transactions should be accurately reflected in the Company's books and records.
5. Full Disclosure. It is the Company's policy to promote full, fair, accurate, timely, and understandable disclosure in the periodic reports and other documents to be filed by The Company with the SEC and any stock exchanges the company is listed on, and in its public communications.

6. Nondiscrimination.

IT IS THE POLICY OF THE COMPANY NOT TO DISCRIMINATE AGAINST EMPLOYEES, STOCKHOLDERS, DIRECTORS, OFFICERS, CUSTOMERS OR SUPPLIERS ON ACCOUNT OF RACE, COLOR, AGE, SEX, SEXUAL ORIENTATION, DISABILITIES, RELIGION OR NATIONAL ORIGIN. ALL OF SUCH PERSONS SHALL BE TREATED WITH DIGNITY AND RESPECT AND THEY SHALL NOT BE UNREASONABLY INTERFERED WITH IN THE CONDUCT OF THEIR DUTIES AND RESPONSIBILITIES.

7. Delegation of Substantial Discretionary Authority. No Covered Person should delegate substantial discretionary authority to any individual who such Covered Person knows, or through the exercise of due diligence should know, has a propensity to engage in illegal activities. For this purpose, persons with “substantial discretionary authority” include: (a) Executive Officers (as defined in Section IV); (b) individuals who exercise substantial supervisory authority; and (c) any other individuals, who, although not a part of the Company’s management, nevertheless exercise substantial discretion when acting within the scope of their authority (for example, an individual with authority to negotiate or set price levels or an individual authorized to negotiate or approve significant contracts).
8. Proactive in Avoidance and Adherence. All covered persons are expected to proactively comply with the policies and behaviors described in the Code of Ethics and Business Conduct. Ignorance of the Code of Ethics and Business Conduct is not an acceptable excuse for violations. Choosing to ignore others' infractions (i.e. “Closing your Eyes”) will be judged unfavorably, as well.

III. CONFIDENTIALITY**A. Purpose.**

In carrying out the Company’s business, Covered Persons often learn confidential or proprietary information about the Company, its customers, suppliers or joint venture partners. This policy prohibits the unauthorized disclosure of confidential or proprietary information about the Company, its customers, suppliers or joint venture partners.

B. Policy.

1. No Disclosure of Company Information. No Covered Person entrusted with or otherwise knowledgeable about information of a confidential or proprietary nature shall disclose that information outside the Company, either during or after employment or other service to the

Company, without written Company authorization to do so. Such disclosure could be harmful to the Company or helpful to a competitor

2. Limitation on Use of Information Regarding Others. The Company also works with joint venture partners', suppliers' and customers' proprietary data. The protection of such data is of the highest importance and must be discharged with the greatest care for the Company to merit the continued confidence of such persons. No Covered Person shall disclose confidential or proprietary information owned by someone other than the Company to non-directors or non-employees without Company authorization, nor shall any such person disclose such information to others unless a need-to-know basis is established.
3. No Disclosure of Information About the Company, its Joint Venture Partners, Suppliers or Customers. Certain employees are required to sign at time of employment a proprietary information agreement that restricts disclosure of proprietary, trade secret and certain other information about the Company, its joint venture partners, suppliers and customers. This policy applies to all Covered Persons without regard to whether such agreements have been signed, and is not a limitation or modification of such agreements.

IV. CONFLICTS OF INTEREST AND BUSINESS OPPORTUNITIES

A. Purpose.

This policy establishes guidelines and procedures regarding timely and proper disclosure of possible conflicts of interests that a Covered Person may have in connection with job duties and responsibilities in order that management may review and approve each situation as necessary to protect the best interests of the Company and its responsibilities as a public company.

B. Policy.

1. Conflict of Interest Activities of Directors and Executive Officers. The Company prohibits Conflict of Interest Activities (as defined below) by any director or Executive Officer of the Company unless specifically approved by the Company's Audit Committee.
2. Conflict of Interest Activities of Other Covered Persons. The Company prohibits any Conflict of Interest Activity by any other Covered Person unless specifically approved by the Company's Chief Executive Officer ("CEO").
3. Business Opportunities. Covered Persons are prohibited from taking for themselves personal opportunities that are discovered through the use of Company property, information or position, and that might benefit the Company, unless such opportunity has been offered to, and turned down by the Company.

4. Personal Use of Property. Covered Persons are prohibited from improperly taking or using Company property, information or position for personal gain.
5. No Competition. Covered Persons are prohibited from competing with the Company while employed by the Company, and for such longer period as may be provided in a Covered Person's employment agreement.
6. Personal Loans. It is contrary to Company policy to extend or maintain credit, to arrange for the extension of credit, or to renew an extension of credit, in the form of a personal loan to or for any Director or Executive Officer of the Company

C. Definitions.

1. "*Conflict of Interest Activities*" A conflict of interest activity is an activity in which (a) the Covered Person's private interest in any way interferes – or even appears to interfere – with the interests of the Company, (b) the Covered Person has an interest that may make it more difficult to perform his or her Company work objectively and effectively, or (c) the Covered Person or a Related Person (as defined below) derives a personal benefit. Examples of items that are considered Conflict of Interest Activities, include, but are not limited to, activities in which the Covered Person:
 - a. obtains a financial or other beneficial interest in one of the Company's suppliers, customers or competitors;
 - b. engages in a personal business transaction involving the Company for profit or gain;
 - c. accepts money, gifts of other than nominal value, excessive hospitality, loans or other special treatment, from any supplier, customer or competitor of the Company (loans from lending institutions at prevailing interest rates and loans granted by customers in the ordinary course of business are excluded);
 - d. serves as a corporate director, officer, employee or consultant (or in a similar position) with another business entity except as approved by the Company.
2. "*Executive Officer*" means the CEO, president, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice president in charge of a principal business unit, division or function (such as sales, administration or finance) and any other officer who reports to the CEO or performs a policy making function, or any other person who performs similar policy making functions.
3. "*Related Person*" of a Covered Person means (a) the spouse, antecedents, descendants, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law of the Covered Person, (b) any person living in the same home with the Covered Person and (c) any affiliate of the Covered Person.

V. INTERNAL ACCOUNTING CONTROLS AND PROCEDURES FOR FINANCIAL REPORTING

A. Purpose.

This policy establishes guidelines and procedures related to keeping books and records that in reasonable detail accurately and fairly reflect the Company's transactions and dispositions of assets. The Company maintains a system of internal accounting controls to ensure reliability and adequacy of its books and records and proper recording of all transactions including dispositions of assets. The Company has adopted and implemented procedures for internal disclosure to ensure the flow of information from all levels of the Company to the CEO and Chief Financial Officer ("CFO").

Full, fair, accurate, timely and understandable disclosure is required in all reports the Company files with the SEC and any stock exchanges the Company is listed on. To accomplish this goal, any Covered Persons involved in the maintenance of accounting records or the preparation of financial reports or other disclosure to the SEC and any stock exchanges the Company is listed on, must comply with the policies described below.

B. Policies.

1. Authorization. The only transactions to be entered into by the Company are those that are executed in accordance with management's general or specific authorization.
2. Approval. No transaction will be recorded in the accounts of the Company unless it is within the scope of policies and procedures or is specifically and formally approved by an appropriate and designated employee. Such approval requires the determination that the transaction:
 - a. has been authorized in accordance with this corporate policy, and
 - b. is supported by documentary evidence to verify the validity of the transaction.
3. Accounting. All transactions entered into by the Company will be recorded in the accounts of the Company in accordance with normal, standard procedures. Each entry will be coded into an account which accurately and fairly reflects the true nature of the transaction.
4. Reporting. All transactions that have been accounted for in accordance with this corporate policy will be accumulated and processed in a manner which will permit preparation of financial statements, reports and data for purposes of internal, public and regulatory reporting. Such statements, reports and data must be in a form sufficient to reflect accurately and fairly the results of transactions entered into by the Company and to permit proper accountability for assets.

5. Compliance. All Covered Persons must comply at all times with generally accepted accounting principles and the Company's system of internal accounting controls.
6. Responsibility. The implementation and maintenance of internal accounting controls, procedures and records that are adequate in all respects to satisfy the requirements of this corporate policy will be the primary responsibility of the Chief Financial Officer.
7. Internal Audits. Compliance with the provisions and requirements of this corporate policy will be tested and evaluated by the internal auditors in connection with the ongoing internal audit program. All control failures regarding this corporate policy will be reported to management and the Audit Committee so that deficiencies can be corrected and assurance of compliance with the terms of this corporate policy maintained. No information should be concealed from the internal auditors (or the Audit Committee or the Board of Directors). A Covered Person must cooperate fully with the Company's internal auditors to enable them to discharge their responsibilities to the fullest extent.
8. Independent Auditors. Independent auditors may visit the Company's premises and review the Company's books and records from time to time in connection with the Company's preparation of financial reports or other disclosure which it provides or files with the SEC and any stock exchanges the Company is listed on. No information should be concealed from the independent auditors (or the Audit Committee or the Board of Directors). A Covered Person must cooperate fully with the Company's independent auditors to enable them to discharge their responsibilities to the fullest extent.
9. Outside Counsel. A Covered Person must cooperate fully with outside counsel who is preparing the Company's financial reports or other disclosure to be provided to, or filed with, the SEC and any stock exchanges the Company is listed on, to enable them to discharge their responsibilities to the fullest extent.
10. Related Parties. All transactions with related parties must have proper approval and disclosure.

VI. USE AND PUBLIC DISCLOSURE OF INSIDE INFORMATION

A. Purpose

This Company has adopted and implements a policy establishing guidelines and procedures related to the trading by Insiders, as defined in the policy, in the Company's shares and, in some cases, in other companies' shares. The policy, (as well as U.S. federal law) prohibits anyone who has access, by any means, to material non-public information about the Company or its business, from trading the Company's securities, or providing information to others who may do so. This prohibition also applies to the trade of other companies' shares if inside information with regard to such other company is obtained through an Insider's position with the Company.

B. Policy

The Company's Insider Trading policy, in general, prohibits:

1. Buying or selling Company securities (or in some cases the securities of other companies) while in possession of material non-public information ("inside information").
2. For certain individuals, including directors, employees, and Executive Officers, buying or selling Company securities during certain prescribed periods of time before and after earnings releases.
3. Disclosing material non-public information to outsiders, including family members and others (tipping), who then trade in the Company's securities or the securities of another company on the basis of that information.

The Company also prohibits the sale of any unregistered Company securities without complying with all the requirements of Rule 144 under the Securities Act of 1933 or another valid exemption from registration. This Rule has detailed reporting requirements, and strict limitations and/or requirements regarding:

- the number of shares that may be sold during an established period of time;
- for certain securities, the length of time for which they must be held before they are sold;
- the availability of publicly available information about the Company; and
- the manner of sale.

VII. COMMERCIAL BRIBERY**A. Purpose.**

This policy prohibits the payment or transfer of Company funds or assets to suppliers or customers in the form of bribes, kickbacks or other payoffs and prohibits Company directors and employees from participating in such schemes.

B. Policy.

1. Bribes Prohibited. The Company prohibits Bribes, Kickbacks and Other Payoffs to suppliers or customers.

2. No Receipt of Third Party Consideration. The Company also prohibits Covered Persons from receiving, directly or indirectly, from a third party, anything of a significant value (other than salary, wages or other ordinary compensation) in connection with a transaction entered into by the Company. Any Covered Person receiving anything of significant value, directly or indirectly from a third party should disclose receipt of such to his supervisor.
3. Safe Harbor. This policy does not prohibit expenditures of nominal amounts for meals and entertainment of suppliers and customers that are an ordinary and customary business expense, if they are otherwise lawful. These expenditures should be included on expense reports and approved under standard Company procedures. All questions as to what constitutes a prohibited activity under this policy should be directed to the General Counsel.
4. Government Contracts. The Company requires compliance with federal regulations applicable to United States government contracts and to contracting with governments outside the United States. The Company has already distributed its policy with regard to the implementation of the Foreign Corrupt Practices Act prohibiting the payment of illegal contributions and regulating the payment of commissions. Compliance with equivalent legislation in other jurisdictions in which the Company operates is also mandated by the Company.
5. Doctors. Manufacturers, providers, and suppliers of health care products and services frequently cultivate relationships with physicians in a position to generate business through a variety of practices, including gifts, entertainment, and personal services compensation agreements. These activities have a high potential for fraud and abuse and, historically, have generated a substantial number of anti-kickback convictions. There is no substantive difference between remuneration from a pharmaceutical manufacturer or from a durable medical equipment or other supplier—if the remuneration is intended to generate any federal health care business, it potentially violates the anti-kickback statute. Any time a pharmaceutical manufacturer provides anything of value to a physician who might prescribe the manufacturer's product, the manufacturer should examine whether it is providing a valuable tangible benefit to the physician with the intent to induce or reward referrals. For example, if goods or services provided by the manufacturer eliminate an expense that the physician would have otherwise incurred (*i.e.*, have independent value to the physician), or if items or services are sold to a physician at less than their fair market value, the arrangement may be problematic if the arrangement is tied directly or indirectly to the generation of federal health care program business for the manufacturer. Moreover, under the anti-kickback statute, neither a legitimate purpose for an arrangement (*e.g.*, physician education), nor a fair market value payment, will necessarily protect remuneration if there is also an illegal purpose (*i.e.*, the purposeful inducement of business). In light of the obvious risks inherent in these arrangements, whenever possible prudent manufacturers and their agents or representatives should structure relationships with physicians to fit in an available safe harbor, such as the safe

harbors for personal services and management contracts, 42 CFR 1001.952(d), or employees, 42 CFR 1001.952(i). *An arrangement must fit squarely in a safe harbor to be protected.* In addition, arrangements that do not fit in a safe harbor should be reviewed in light of the totality of all facts and circumstances, bearing in mind the following factors, among others:

- a. *Nature of the relationship between the parties.* What degree of influence does the physician have, directly or indirectly, on the generation of business for the manufacturer? Does the manufacturer have other direct or indirect relationships with the physician or members of the physician's group?
- b. *Manner in which the remuneration is determined.* Does the remuneration take into account, directly or indirectly, the volume or value of business generated (e.g., is the remuneration only given to persons who have prescribed or agreed to prescribe the manufacturer's product)? Is the remuneration conditioned in whole or in part on referrals or other business generated? Is there any service provided other than referrals?
- c. *Value of the remuneration.* Is the remuneration more than trivial in value, including all gifts to any individual, entity, or group of individuals? ¹⁰ Do fees for services exceed the fair market value of any legitimate, reasonable, and necessary services rendered by the physician to the manufacturer?
- d. *Potential federal program impact of the remuneration.* Does the remuneration have the potential to affect costs to any of the federal health care programs or their beneficiaries or to lead to overutilization or inappropriate utilization?
- e. *Potential conflicts of interest.* Would acceptance of the remuneration diminish, or appear to diminish, the objectivity of professional judgment? Is there patient safety or quality of care concerns? If the remuneration relates to the dissemination of information, is the information complete, accurate, and not misleading?

C. Definitions.

1. "*Bribes, Kickbacks and Other Payoffs*" include, but are not limited to:
 - a. gifts of other than nominal value;
 - b. cash payments by employees or third persons, such as agents, suppliers, customers or consultants, who are reimbursed by the Company; or
 - c. the uncompensated use of Company services, facilities or property, except as may be authorized by the Company.

- d. loans, loan guarantees or other extensions of credit (except from lending institutions at prevailing rates).
2. “*Switching*” arrangements involve pharmaceutical manufacturers offering physicians or others cash payments or other benefits each time a patient’s prescription is changed to the manufacturer’s product from a competing product. This activity clearly implicates the statute, and, while such programs may be permissible in certain managed care arrangements, manufacturers should review very carefully any marketing practices utilizing “switching” payments in connection with products reimbursable by federal health care programs.
3. “*Consulting and advisory payment.*” Pharmaceutical manufacturers frequently engage physicians and other health care professionals to furnish personal services as consultants or advisers to the manufacturer. In general, fair market value payments to small numbers of physicians for bona fide consulting or advisory services are unlikely to raise any significant concern. Compensating physicians as “consultants” when they are expected to attend meetings or conferences primarily in a passive capacity is suspect. Also of concern are compensation relationships with physicians for services connected directly or indirectly to a manufacturer’s marketing and sales activities, such as speaking, certain research, or preceptor or “shadowing” services. While these arrangements are potentially beneficial, they also pose a risk of fraud and abuse. In particular, the use of health care professionals for marketing purposes—including, for example, ghost-written papers or speeches—implicates the anti-kickback statute. While full disclosure by physicians of any potential conflicts of interest and of industry sponsorship or affiliation may reduce the risk of abuse, disclosure does not eliminate the risk. At a minimum, manufacturers should periodically review arrangements for physicians’ services to ensure that: (i) the arrangement is set out in writing; (ii) there is a legitimate need for the services; (iii) the services are provided; (iv) the compensation is at fair market value; and (v) all of the preceding facts are documented prior to payment. In addition, to further reduce their risk, manufacturers should structure services arrangements to comply with a safe harbor whenever possible.
4. “*Payments for detailing.*” Recently, some entities have been compensating physicians for time spent listening to sales representatives market pharmaceutical products. In some cases, these payments are characterized as “consulting” fees and may require physicians to complete minimal paperwork. Other companies pay physicians for time spent accessing web sites to view or listen to marketing information or perform “research.” All of these activities are highly suspect under the anti-kickback statute, are highly susceptible to fraud and abuse, and should be strongly discouraged.
5. *Business Courtesies and Other Gratuities.* Pharmaceutical companies and their employees and agents often engage in a number of other arrangements that offer benefits, directly or indirectly, to physicians or others in a position to make or influence referrals. Examples of remunerative arrangements between pharmaceutical manufacturers (or their representatives) and parties in a position to influence referrals include:

- Entertainment, recreation, travel, meals, or other benefits in association with information or marketing presentations.
- Gifts, gratuities, and other business courtesies
 - As discussed above, these arrangements potentially implicate the anti-kickback statute if any one purpose of the arrangement is to generate business for the pharmaceutical company. While the determination of whether a particular arrangement violates the anti-kickback statute depends on the specific facts and circumstances, compliance with the PhRMA Code with respect to these arrangements should substantially reduce a manufacturer's risk.

VIII. ADOPTION, APPLICATION AND INTERPRETATION OF THE CODE

A. Application, Amendment, Waiver and Interpretation.

1. Adoption and Amendment by the Board of Directors. This Code of Ethics and Business Conduct has been adopted by the Company's Board of Directors and may be changed at any time by the Board of Directors without prior notice. Amendments that affect the CEO, CFO or President (or persons performing similar functions) will be publicly disclosed as required by law or stock exchange regulation.
2. Waiver. Waivers of the provisions of this Code of Ethics and Business Conduct may be granted or withheld from time to time by the Company in its sole discretion. Waivers are only effective if set forth in writing after full disclosure of the facts and circumstances surrounding the waiver. Waivers for the benefit of all employees must be approved by the CEO and waivers for the benefit of Executive Officers and directors must be approved by the board of directors. Waivers to the Code of Ethics and Business Conduct for Executive Officers and directors will be publicly disclosed as required by law or applicable stock exchange regulation. All waivers granted pursuant to this provision shall be kept with the Company Secretary.
3. Interpretation of the Code of Ethics and Business Conduct.
 - a. This Code of Ethics and Business Conduct sets forth specific corporate policies governing the conduct of the business of the Company. These policies were developed and are intended to be applied in good faith with reasonable business judgment.
 - b. Unless the context otherwise requires: (i) a term has the meaning assigned to it by this Code of Ethics and Business Conduct; (ii) including means "including but not limited to"; (iii) "or" is disjunctive but not exclusive; (iv) words in the singular include the plural, and in the plural include the singular; and (v) each of the masculine, feminine and neuter genders includes the other genders.

- c. Final authority with respect to the interpretation of this Code of Ethics and Business Conduct rests with the Board of Directors or the Audit Committee, as applicable. The interpretation of any matter with respect to this Code of Ethics and Business Conduct by the Board of Directors or Audit Committee, as applicable, shall be final and binding.
4. No Limitation on Other Obligations of Covered Persons. Nothing contained in this Code of Ethics and Business Conduct is intended, or should be construed as, in any way limiting or reducing other obligations that a Covered Person may have to the Company or other persons or entities, including, but not limited to pursuant to common law, employment agreement, employee handbook, Company policies or otherwise.
5. No Third Party Rights. This Code of Ethics and Business Conduct is intended to govern the relationship between the Company and the Covered Persons and shall not confer any rights or remedies upon any person or entity other than the Company and the Covered Persons.

B. Violations of Code of Ethics and Business Conduct.

Conduct violating this Code of Ethics and Business Conduct is expressly outside the Covered Person's relationship with the Company. Any Covered Person whose conduct violates this Code of Ethics and Business Conduct will be subject to disciplinary action by the Company, including in the Company's discretion, discharge and/or forfeiture of any benefits or rights (including contractual rights) which, under applicable law, are forfeitable upon discharge for cause, and to the enforcement of such other remedies as the Company may have under applicable law.

C. Administration of Code of Ethics and Business Conduct.

1. Communication of Policies. To ensure the continued dissemination and communication of the Code of Ethics and Business Conduct, the Company shall take, or cause to be taken, reasonable steps to communicate effectively the standards and procedures included in the Code of Ethics and Business Conduct to Covered Persons.
2. Violation. If you have any questions or believe that violations of the Code of Ethics and Business Conduct are occurring or have occurred, you should talk with your supervisor. You may also bring violations to the attention of the Compliance Officer
3. Reporting System. Employees or Directors may bring violations of this business code to the attention of the Chief Financial Officer either orally or in writing. A lockbox, which will be opened weekly, at a minimum, will be available outside the Chief Financial Officer's office to receive reports of violations in writing. It shall be a violation of this Code of Ethics and Business Conduct to intimidate, discharge, demote, suspend, threaten,

harass or impose any form of retribution on any Covered Person who utilizes such reporting system in good faith to report suspected violations (except that appropriate action may be taken against such Covered Person if such individual is a wrongdoer).

4. Investigation of Violations. If the Chief Financial Officer receives information regarding an alleged violation of the Code of Ethics and Business Conduct, he/she shall inform the Corporate General Counsel. If the Corporate General Counsel determines that an investigation is required, the CEO shall appoint a senior executive to investigate alleged violations of the Code of Ethics and Business Conduct and report his findings to the CEO who shall take appropriate action with regard to such violation of the Code of Ethics and Business Conduct.
5. Disciplinary Measures. The Company shall consistently enforce its Code of Ethics and Business Conduct through appropriate means of discipline.

D. Policies Regarding Submission of Accounting Complaints

The Sarbanes-Oxley Act of 2002 (the "Act") requires the Company's Audit Committee to establish procedures (i) for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and (ii) allowing employees to confidentially and anonymously report concerns regarding questionable accounting or auditing matters. The Company's Audit Committee has established both a Policy Regarding Internal Submission of Accounting Complaints and a Policy Regarding External Submission of Accounting Complaints to facilitate the reporting of (i) complaints regarding accounting, internal accounting controls, and auditing matters and (ii) concerns regarding questionable accounting or auditing matters. Please refer to our policies regarding submission of accounting complaints for information regarding submission of such complaints and concerns.

Any persons wishing to report accounting and auditing complaints and concerns can be assured the situation will be handled with the highest level of anonymity and confidentiality. The Act grants a high level of protection to persons reporting incidents. The Act states that the Company may not discharge, harass or in any manner discriminate against any individual providing information about accounting or auditing concerns.

E. Responsibilities of Covered Persons.

1. Covered Persons.
 - a. It is the personal responsibility of each Covered Person to adhere to the standards and restrictions, whether imposed by Law and this Code of Ethics and Business Conduct, applicable to his or her assigned duties and responsibilities and to conduct him or herself accordingly. Such standards and restrictions require each Covered Person to avoid any activities which would involve the Company in any practice that is not in compliance with this Code of Ethics and Business Conduct.

Any Covered Person who does not adhere to such standards and restrictions is acting outside the scope of his or her employment or agency.

- b. Each Covered Person is responsible for complying with the Company-wide standards of conduct, including this Code of Ethics and Business Conduct, and for raising questions if the Covered Person is concerned that the standards are not being met.
- c. Covered Persons are responsible for requesting a conflict of interest determination from the General Counsel.

Responsibility:

The Controller has the overall responsibility for implementing the Code and ensuring that all employees sign the verification form.

The VP of each department has the responsibility for seeing that their subordinates follow the Code.

The CEO has final approval over any future changes to the Code.



Appendix 1- Employee Acknowledgement Form

- I acknowledge that I have read and that I understand InspireMD's Code of Ethics and Business Conduct.
- I understand and agree that I must comply with the InspireMD Code of Ethics and Business Conduct, and all laws, regulations, policies, procedures and other guidance applicable to the responsibilities of my position.
- I agree to fully cooperate with the implementation of the InspireMD Code of Ethics and Business Conduct, to participate in any auditing or monitoring processes and to report any instances of possible violations of law, regulations or policies that are applicable to management of which I become aware.
- I acknowledge that InspireMD has established a method for receiving notifications of possible violations of law, regulation and the InspireMD Code of Ethics and Business Conduct.
- I understand that my failure to report any concerns regarding possible violations of law, regulations or the Code of Ethics and Business Conduct may result in disciplinary action, up to and including termination.

Signature

Print Name

Title

Date