

INSPIREMD, INC.

FORM 8-K (Current report filing)

Filed 01/22/16 for the Period Ending 01/16/16

Address	321 COLUMBUS AVENUE BOSTON, MA 02116
Telephone	(857) 453-6553
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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 16, 2016

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))
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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.

Appointment of Director

On January 16, 2016, the Board of Directors (the “Board”) of InspireMD, Inc. (the “Company”) appointed Isaac Blech as a Class 3 member of the Board, effective as of January 22, 2016, with a term expiring at the Company’s 2017 annual meeting of stockholders. In connection with his appointment, Mr. Blech will be granted an option to purchase 780,000 shares of the Company’s common stock (“Common Stock”) on April 30, 2016 at an exercise price equal to the closing fair market value of the Common Stock on the date of grant on April 30, 2016 (the “Blech Option”), subject to the terms and conditions of the 2013 Long-Term Incentive Plan (the “Plan”). Options to purchase 195,000 shares of Common Stock vest and become exercisable immediately upon the time of grant, and, until all 780,000 options shall have vested, options to purchase 195,000 shares of Common Stock will vest and become exercisable each time upon (i) the Company raising at least \$15 million through an equity offering; (ii) the Company’s market cap becoming equal to or greater than \$25 million; (iii) the Company receiving research coverage by three new analysts at a leading investment bank; or (iv) the tripling of the Company’s market cap from the date of appointment. Any of the foregoing conditions, if achieved following Mr. Blech’s appointment but prior to April 30, 2016, will be deemed satisfied on the date of grant. However, in the event (i) of Mr. Blech’s death or permanent disability, (ii) a change in control (as defined in the Plan) or (iii) if Mr. Blech is asked to resign for any reason other than cause (as defined in the Company’s form of Nonqualified Stock Option Agreement under its Plan), the Blech Option shall vest immediately in full. The Blech Option has a term of 10 years from the date of grant and may be exercised for either cash or on a cashless basis.

Fourth Amendment to Alan Milinazzo Employment Agreement

On January 21, 2016, the Company and Alan Milinazzo, the Company’s president and chief executive officer, entered into a fourth amendment (the “Amendment”) to that certain Employment Agreement dated as of January 3, 2013, as first amended on April 24, 2013, and further amended on January 5, 2015, and on June 29, 2015, by and between the Company and Mr. Milinazzo, in order to, among other things, (i) modify the term of Mr. Milinazzo’s employment to end on the earlier of June 30, 2016 or the date upon which a new president and/or chief executive officer (or executive performing a similar role) commences employment with the Company (or, if such individual is promoted internally, the date such individual is promoted to the position of president and/or chief executive officer); and (ii) provide that, during the remaining term of his employment, Mr. Milinazzo will receive (A) 50% of his base salary in cash payments, for all days that Mr. Milinazzo works during the remaining term of his employment, at the monthly rate of \$18,750, payable in accordance with the Company’s regular payroll practices, and (B) a lump-sum payment equivalent to 50% of Mr. Milinazzo’s base salary through June 30, 2016, at the monthly rate of \$18,750, payable within 20 business days from the earlier of (x) the Company raising an aggregate of \$5 million from investors, or (y) June 30, 2016.

The foregoing descriptions of the Blech Option and the Amendment are qualified in their entirety by reference to the full text of the offer letter entered into by the Company and Mr. Blech, a copy of which is attached as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated by reference herein, and the Amendment, a copy of which is attached as Exhibit 10.2 to this Current Report on Form 8-K and is incorporated by reference herein.

Item 8.01 Other Events.

On January 22, 2016, the Company issued a press release announcing the appointment of Mr. Blech and the recruitment of a new chief executive officer. A copy of such press release is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
10.1	Offer Letter, between InspireMD, Inc. and Isaac Blech, dated January 16, 2016
10.2	Fourth Amendment to Employment Agreement, dated January 21, 2016, by and between InspireMD, Inc. and Alan Milinazzo
99.1	Press release dated January 22, 2016

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 22, 2016

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

InspireMD, Inc.
321 Columbus Avenue
Boston, Massachusetts 02116

January 16, 2016

Isaac Blech
21st Century Investors Group
1271 Avenue of the Americas, 16th Floor
New York, NY 10020

RE: Offer to Join the Board of Directors

Dear Mr. Blech,

On behalf of InspireMD, Inc. (the “*Company*”), in recognition of our belief that your skills, expertise and knowledge will prove helpful to the Company’s progress, I am pleased to extend to you an offer to join the Company’s Board of Directors (the “*Board*”) as a Class 3 director and as the Company’s vice Chairman, with the term expiring at the 2017 annual meeting of stockholders, commencing on January 22, 2016.

As compensation for your service on the Board, on April 30, 2016, you will be granted ten-year options to purchase 780,000 shares of the Company’s common stock at an exercise price equal to the closing fair market value of the Company’s common stock on the date of grant. The options shall be exercisable for cash or through a “cashless-exercise.” The options shall vest and become exercisable as follows:

- 195,000 options shall vest immediately upon the time of grant; and
- 195,000 options shall vest each time upon the satisfaction of any of the following milestones until all 780,000 options shall have vested:
 - o the Company raising at least \$15 million through an equity offering (however, if this goal is achieved following your appointment, but prior to April 30, 2016, this condition will be deemed satisfied on the date of grant);
 - o the Company’s market cap becoming equal to or greater than \$25 million (however, if this goal is achieved following your appointment, but prior to April 30, 2016, this condition will be deemed satisfied on the date of grant);
 - o the Company receiving research coverage by three new analysts at a leading investment bank (however, if this goal is achieved following your appointment, but prior to April 30, 2016, this condition will be deemed satisfied on the date of grant); or
 - o the tripling of the Company’s market cap from the date of appointment (however, if this goal is achieved following your appointment, but prior to April 30, 2016, this condition will be deemed satisfied on the date of grant).

Notwithstanding the foregoing, in the event (i) of your death or permanent disability, (ii) a change in control (as defined in the Company’s 2013 Lon-Term Incentive Plan) or (iii) if you are asked to resign for any reason other than cause (as defined in the Company’s form of Nonqualified Stock Option Agreement under its 2013 Lon-Term Incentive Plan), these options shall vest immediately in full.

The Company will reimburse you for any reasonable expenses incurred by you in connection with your travel on behalf of the Company, provided that you furnish the Company with invoices, with receipts and other appropriate supporting documentation evidencing such expenses within 30 days of incurrence, and otherwise comply with the Company's travel and expense reimbursement policies as may be in effect from time to time. Notwithstanding the foregoing, the Company will not reimburse you for any single expense in excess of \$6,500, or group of related expenses that aggregate to more than \$6,500, without the Chairman of the Board's prior consent.

In accepting this offer, you are representing to the Company that you do not know of any conflict which would restrict your ability to consult with the Company or serve on the Board and that you will not provide the Company with any documents, records, or other confidential information belonging to other parties.

Nothing in this offer or the stock option agreements should be construed to interfere with or otherwise restrict in any way the rights of the Company and the Company's stockholders to remove any individual from the Board at any time in accordance with the provisions of applicable law.

If the foregoing terms are agreeable, please indicate your acceptance by signing this letter in the space provided below and returning this letter to the Company. We look forward to your serving as a member of the Board.

Sincerely,

InspireMD, Inc.

By: /s/ Sol J. Barer
Name: Sol J. Barer, Ph.D.
Title: Chairman

Agreed and Accepted:

/s/ Isaac Blech
Isaac Blech

Date: January 16, 2016

FOURTH AMENDMENT TO EMPLOYMENT AGREEMENT

This FOURTH AMENDMENT TO EMPLOYMENT AGREEMENT (this “*Amendment*”) is made and entered as of this 21st day of January, 2016, (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, and further amended on January 5, 2015 and June 29, 2015, 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 1.3 of the Agreement is hereby amended by deleting said section in its entirety and substituting in lieu thereof the following new Section 1.3.

1.3 Term of Employment. Unless sooner terminated by either party as provided in Articles IV and V hereunder, the term of this Agreement shall continue until the earlier of June 30, 2016 or the date upon which a new President and/or Chief Executive Officer (or executive performing a similar role) commences employment with the Company (or, if such individual is promoted internally, the date such individual is promoted to the position of President and/or Chief Executive Officer) (the “Term”). During the Term, in addition to the duties set forth in Section 1.1, the Executive shall also perform such services as the Company may request relating to the hiring of a new President and/or Chief Executive Officer (or executive performing a similar role) and the transition of the Executive’s responsibilities and the Company’s matters, files and materials.

2. Section 2.5 of the Agreement is hereby amended by deleting said section in its entirety and substituting in lieu thereof the following new Section 2.5:

2.5 Base Salary Modification for Term Remainder.

(a) Notwithstanding the foregoing, the Executive and the Company agree that for the remainder of the Term, the Executive’s base salary shall be paid to him as follows: (i) 50% of his base salary for all days that the Executive works during the Term, at the monthly rate of \$18,750, shall be made in cash payments, less applicable taxes and withholdings, payable in accordance with the Company’s regular payroll practices; and (ii) a lump-sum payment equivalent to 50% of his base salary through June 30, 2016, at the monthly rate of \$18,750, less applicable taxes and withholdings, payable within twenty (20) business days from the earlier of (x) the Company raising an aggregate of \$5 million from investors, and (y) June 30, 2016. For the avoidance of any doubt, the Executive and the Company agree that the payments to be made hereunder are in lieu of the Executive’s entitlement to or receipt of any restricted shares as part of his base salary.

3. Except as expressly amended by this Amendment, the Agreement shall continue in full force and effect in accordance with the provisions thereof.
4. In the event of a conflict between the Agreement and this Amendment, this Amendment shall govern

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Signature Page Follows .]*

IN WITNESS WHEREOF , the parties have executed this Fourth 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



InspireMD Aligns Operations and Leadership Team, Appoints Isaac Blech as Vice Chairman of the Board

- *Enhances Commercial and Development Execution*
- *Reduces Operating Cost Structure*
- *Strengthens Board of Directors*

BOSTON, MA – January 22, 2016 - InspireMD, Inc. (NYSE MKT: NSPR) (“InspireMD” or the “Company”), a leader in embolic prevention systems (EPS), neurovascular devices and thrombus management technologies, announced today plans to align its operations and leadership with focus on its largest commercial markets in line with the continued execution of its carotid and neurovascular strategy which was launched in mid 2015.

Key elements of the changes announced today include the recruitment of a new CEO, who will focus on the Company’s immediate commercial and development activities in Europe in order to enhance operational efficiency and further improve the Company’s cost structure. To ensure a smooth leadership transition, the Company’s current CEO, Alan Milinazzo, has agreed to remain through the earlier of the appointment of the new CEO or June 30, 2016.

InspireMD also announced today that Isaac Blech joins the Company as Vice Chairman of the Board. Mr. Blech brings with him over 30 years of experience as a healthcare industry pioneer and investor, developing companies from early to profitable commercial stages, including multiple successful strategic acquisitions. Mr. Blech has an established record for shareholder value creation and has played a key role in some high profile company transformations within the life sciences sector.

Sol Barer, Chairman of the Board of InspireMD commented, “We are very pleased to welcome Isaac Blech as Vice Chairman of InspireMD. Isaac’s experience as an industry pioneer, taking new technologies from development to commercialization, will be instrumental as we continue with our efforts to introduce and develop markets that leverage our proprietary MicroNet™ technology. We also welcome Isaac’s deep relationships and extensive professional network across multiple fields – including the financial, pharmaceutical, biotechnology and medical device communities – supporting our active efforts to validate our technology and capabilities.” Dr. Barer continued, “Finally, we thank Alan Milinazzo for effectively taking the Company through its challenging transition. We are now well underway as we execute on our carotid and neurovascular strategy and look forward to announcing a new CEO who will focus the Company’s present efforts towards Europe, the heart of our current commercial activities.”

In connection with Mr. Blech’s appointment, the Company agreed to award him options to acquire 780,000 shares of the Company’s common stock on April 30, 2016, with vesting based on both time and the Company’s achievement of milestones. Details of his board engagement are available in a Form 8-K filing along with an amendment to Mr. Milinazzo’s employment agreement which should ensure a smooth executive leadership transition over the coming months.

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.



MGuard™ is CE Marked and not approved for sale in the U.S. by the U.S. Food and Drug Administration at this time.

InspireMD intends to pursue applications of this MicroNet technology in coronary, carotid (CGuard™), neurovascular, and peripheral artery procedures. InspireMD's common stock is quoted on the NYSE MKT under the ticker symbol NSPR.

About CGuard™ EPS

The proprietary CGuard™ Embolic Prevention System (EPS) uses the same MicroNet™ technology featured on the MGuard™ and MGuard Prime™ coronary Embolic Protection Systems. The CGuard™ EPS is designed to prevent peri-procedural and late embolization by trapping potential emboli against the arterial wall while maintaining excellent perfusion to the external carotid artery and branch vessels.

MicroNet™ is a bio-stable mesh woven from a single strand of 20 micron Polyethylene Terephthalate.

CGuard™ EPS is CE Marked and not approved for sale in the U.S. by the U.S. Food and Drug Administration at this time.

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 Annual Report on Form 10-K 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 Contacts:

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