

InfuSystem Holdings, Inc  
Form PREC14C  
March 14, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

(Rule 14a-101)

INFORMATION REQUIRED IN

PROXY STATEMENT

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**InfuSystem Holdings, Inc.**

(Name of Registrant as Specified In Its Charter)

MESON CAPITAL PARTNERS LLC

MESON CAPITAL PARTNERS LP

**GLOBAL UNDERVALUED SECURITIES MASTER FUND, L.P.**

**GLOBAL UNDERVALUED SECURITIES FUND, L.P.**

**GLOBAL UNDERVALUED SECURITIES FUND (QP), L.P.**

**GLOBAL UNDERVALUED SECURITIES FUND, LTD.**

**KLEINHEINZ CAPITAL PARTNERS, INC.**

**KLEINHEINZ CAPITAL PARTNERS LDC**

**JOHN B. KLEINHEINZ**

**BOSTON AVENUE CAPITAL LLC**

**ALAN BAZAAR**

**JOHN M. CLIMACO**

**CHARLES M. GILLMAN**

**RYAN J. MORRIS**

**ROBERT M. PONS**

**DILIP SINGH**

**JOSEPH E. WHITTERS**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Dear Fellow InfuSystem Stockholder:

As stockholders of InfuSystem Holdings, Inc. (the Company), we have been disappointed with InfuSystem's performance and loss of stockholder value over the past few years, as well as frustrated by the lack of attention of the board of directors (the Board) to these concerns. This extreme loss in value has been overseen by the incumbent Board, which we believe has not acted in the best interests of the InfuSystem stockholders. It is time for wholesale change to the Board.

Collectively, Meson Capital Partners LLC, the other Concerned InfuSystem Stockholders and our nominees for election to the Board hold approximately 11.4% of the InfuSystem outstanding stock. On February 27, 2012, Meson Capital Partners LLC submitted a written request to the InfuSystem Corporate Secretary, supported by more than 50% of the Company's stockholders, to call a special meeting of stockholders (the Special Meeting), pursuant to Article I, Section 1.3 of the InfuSystem Bylaws, as amended (the Bylaws), for the purpose of amending the Bylaws to permit stockholders to fill director vacancies, removing all seven current Board members (Sean McDevitt, David Dreyer, Timothy Kopra, Pat LaVecchia, Jean-Pierre Millon, John Voris and Wayne Yetter) and replacing them with our nominees (Alan Bazaar, John Climaco, Charles Gillman, Ryan Morris, Robert Pons, Dilip Singh and Joseph Whitters). On [ ], 2012, the Company announced that, in response to our written Special Meeting request, it was calling the Special Meeting to be held on [ ] at [ ].

We urge you to carefully review and consider the information included in the attached Proxy Statement and then support our efforts by signing, dating and returning the enclosed **GOLD** proxy card today. The attached Proxy Statement and the enclosed **GOLD** proxy card are first being furnished to the stockholders on or about [ ], 2012.

Thank you for your interest as fellow owners of the Company.

Ryan J. Morris  
Managing Member  
Meson Capital Partners LLC

*For the Concerned InfuSystem Stockholders*

IF YOU HAVE ANY QUESTIONS ABOUT EXECUTING OR DELIVERING YOUR **GOLD** PROXY CARD, NEED ADDITIONAL COPIES OF MESON CAPITAL'S PROXY MATERIALS OR REQUIRE ANY OTHER ASSISTANCE, PLEASE CONTACT:

**INNISFREE M&A INCORPORATED**

**501 MADISON AVENUE, 20TH FLOOR**

**NEW YORK, NY 10022**

**Stockholders Call Toll-Free at: (888) 750-5834**

**Banks and Brokers Call Collect at: (212) 750-5833**

**PRELIMINARY COPY SUBJECT TO COMPLETION**

**SPECIAL MEETING OF STOCKHOLDERS**

**OF**

**INFUSYSTEM HOLDINGS, INC.**

**PROXY STATEMENT**

**OF**

**THE CONCERNED INFUSYSTEM STOCKHOLDERS**

Collectively, (i) Meson Capital Partners, LLC ( Meson LLC ), Meson Capital Partners, LP ( Meson LP ), and Ryan J. Morris ( Mr. Morris ) (collectively, hereinafter called Meson ); (ii) Kleinheinz Capital Partners, Inc. ( Kleinheinz Capital ), Kleinheinz Capital Partners LDC ( LDC ), Global Undervalued Securities Fund, L.P. ( Global LP ), Global Undervalued Securities Fund (QP), L.P. ( Global QP ), Global Undervalued Securities Fund, Ltd. ( Global Ltd. ), Global Undervalued Securities Master Fund, L.P. ( Global Master ), and John B. Kleinheinz ( Mr. Kleinheinz ) (collectively with Kleinheinz Capital, LDC, Global LP, Global QP, Global Ltd., and Global Master, hereinafter called Kleinheinz ); and (iii) Boston Avenue Capital LLC ( Boston Capital ) and Charles M. Gillman ( Mr. Gillman ) (collectively, hereinafter called Boston ) (Meson, Kleinheinz and Boston, collectively, hereinafter called the Concerned InfuSystem Stockholders and also we or us ) hold 11.4% of the outstanding common stock, par value \$0.0001 per share, of InfuSystem Holdings, Inc. ( InfuSystem or the Company ). Each of the Concerned InfuSystem Stockholders and each of the director nominees named below (collectively with the Concerned InfuSystem Stockholders, the Concerned InfuSystem Group or the Group, ) is a participant in this proxy solicitation, as set forth in this Proxy Statement (the Proxy Statement ).

This Proxy Statement and the enclosed **GOLD** proxy card (the GOLD Proxy Card ) are being furnished to you as a stockholder of InfuSystem. The Concerned InfuSystem Stockholders believe that the Company's Board of Directors (the Board ) has ceased to represent the best interests of the Company's stockholders. As a result, Meson, on behalf of itself and as agent and proxy of a majority of the holders of the Company's common stock, including the Concerned InfuSystem Stockholders, requested a special meeting of the Company's stockholders, which has been called by the Company for [ ], 2012 to be held at [ ], and including at any adjournments or postponements thereof and at any meeting called in lieu thereof, for the following purposes (the Special Meeting ):

- (1) to amend Article II, Section 2.4 of the Amended and Restated Bylaws of the Company (the Bylaws ) in order to allow the Company's stockholders to fill any vacancies, however caused, on the Board;
- (2) to remove, without cause, each of the seven (7) members of the current Board, Sean McDevitt, David Dreyer, Timothy Kopra, Pat LaVecchia, Jean-Pierre Millon, John Voris and Wayne Yetter, as well as any person or persons appointed by the Board without stockholder approval between January 18, 2012 and up through and including the date of the Special Meeting;
- (3) to elect directors to fill up to seven (7) vacancies created by the removal of directors: Alan Bazaar, John Climaco, Charles Gillman, Ryan Morris, Robert Pons, Dilip Singh and Joseph Whitters (each, a Group Nominee and, collectively, the Group Nominees ), to serve until the 2013 annual meeting of stockholders of the Company and until their successors are duly elected and qualified;

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- (4) to repeal any provision of the Bylaws that may be adopted by the Board subsequent to the last public filing on January 22, 2009 of the Bylaws prior to the Special Meeting;
- (5) to initiate and vote for proposals to recess or adjourn the Special Meeting to a later date or time, if necessary, for any reason, and to oppose and vote against any proposal to recess or adjourn the Special Meeting; and
- (6) to transact such other business as may properly come before the Special Meeting (Proposals One through Six, collectively, the Proposals ).

The Bylaws do not currently permit the Company's stockholders to fill vacancies on the Board unless the number of directors remaining in office constitutes less than a majority of the total number of authorized directors

and stockholders petition the Delaware Court of Chancery to fill such vacancies. We desire to remove the current Board members only if stockholders are able to fill the vacancies caused by their removal. Therefore, at the Special Meeting, Proposal Two and Proposal Three are subject to and conditioned upon the approval of Proposal One.

Further, Proposal Three is conditioned in part on Proposal Two. If none of the then-current members or appointees to the Board are removed under Proposal Two, there will be no vacancies to fill and none of the Group Nominees can be elected under Proposal Three. If, instead, less than seven of the then-current members or appointees to the Board are removed under Proposal Two, stockholders will have the opportunity only to elect a corresponding number of nominees under Proposal Three. It is the intention of the Concerned InfuSystem Group to fill all vacancies that are created by the approval of Proposal Two with one or more of the Group Nominees and not to leave any vacancies on the Board.

As of the close of business on March [ ], 2012, the Concerned InfuSystem Group collectively beneficially owned, and had the right to vote, 2,423,683 shares of the Company's common stock, representing approximately 11.4% of the Company's outstanding common stock. The participants in this solicitation intend to vote all of their shares FOR the proposals described herein.

InfuSystem has set the record date for determining stockholders entitled to notice of and to vote at the Special Meeting as [ ], 2012 (the Record Date). InfuSystem is a Delaware corporation with its principal executive offices at 31700 Research Park Drive, Madison Heights, Michigan 48071. Stockholders of record at the close of business on the Record Date will be entitled to vote at the Special Meeting. The Company has not yet disclosed how many shares are outstanding and entitled to vote at the Special Meeting as of the Record Date.

THE CONCERNED INFUSYSTEM GROUP URGES YOU TO USE THE ENCLOSED **GOLD** PROXY CARD AND VOTE TODAY BY TELEPHONE, BY INTERNET, OR BY SIGNING, DATING AND RETURNING THE **GOLD** PROXY CARD IN FAVOR OF THE AMENDMENT TO THE BYLAWS TO ALLOW STOCKHOLDERS TO FILL VACANCIES ON THE BOARD AND IN FAVOR OF THE REMOVAL AND REPLACEMENT OF THE CURRENT MEMBERS OF THE BOARD WITH THE GROUP NOMINEES.

IF YOU HAVE ALREADY SENT A PROXY CARD FURNISHED BY INFUSYSTEM MANAGEMENT TO INFUSYSTEM, YOU MAY REVOKE THAT PROXY AND VOTE FOR THE AMENDMENT TO THE BYLAWS AND REMOVAL AND REPLACEMENT OF THE BOARD BY USING THE ENCLOSED **GOLD** PROXY CARD TO VOTE BY TELEPHONE, BY INTERNET, OR BY SIGNING, DATING AND RETURNING THE **GOLD** PROXY CARD IN THE POSTAGE-PAID ENVELOPE PROVIDED. THE LATEST DATED PROXY IS THE ONLY ONE THAT COUNTS. ANY PROXY MAY BE REVOKED AT ANY TIME PRIOR TO THE SPECIAL MEETING BY DELIVERING A WRITTEN NOTICE OF REVOCATION OR A LATER DATED PROXY FOR THE SPECIAL MEETING TO THE CONCERNED INFUSYSTEM GROUP, C/O INNISFREE M&A INCORPORATED, WHICH IS ASSISTING IN THIS SOLICITATION, OR TO THE SECRETARY OF INFUSYSTEM, OR BY VOTING IN PERSON AT THE SPECIAL MEETING.

#### IMPORTANT

IF YOUR SHARES OF COMMON STOCK ARE REGISTERED IN YOUR OWN NAME, PLEASE USE THE ENCLOSED **GOLD** PROXY CARD TO VOTE BY TELEPHONE, BY INTERNET OR BY SIGNING, DATING AND RETURNING THE **GOLD** PROXY CARD IN THE POSTAGE-PAID ENVELOPE PROVIDED.

IF YOUR SHARES OF COMMON STOCK ARE HELD IN THE NAME OF A BROKERAGE FIRM, BANK NOMINEE OR OTHER INSTITUTION, ONLY IT CAN SIGN A **GOLD** PROXY CARD WITH RESPECT TO YOUR SHARES AND ONLY UPON RECEIPT OF SPECIFIC INSTRUCTIONS FROM YOU. ACCORDINGLY, YOU SHOULD CONTACT THE PERSON RESPONSIBLE FOR YOUR ACCOUNT AND INSTRUCT THEM HOW TO VOTE. THE CONCERNED INFUSYSTEM GROUP URGES YOU TO CONFIRM IN WRITING YOUR INSTRUCTIONS TO THE PERSON RESPONSIBLE FOR YOUR ACCOUNT AND TO PROVIDE A COPY OF SUCH INSTRUCTIONS TO THE CONCERNED INFUSYSTEM GROUP IN CARE OF INNISFREE M&A INCORPORATED TO THE ADDRESS BELOW, SO THAT WE WILL BE AWARE OF ALL INSTRUCTIONS GIVEN AND CAN ATTEMPT TO ENSURE THAT SUCH INSTRUCTIONS ARE FOLLOWED.

IN ADDITION TO SIGNING, DATING AND MAILING IN THE ENCLOSED **GOLD** PROXY CARD, DEPENDING ON YOUR BROKER OR CUSTODIAN, YOU MAY BE ABLE TO VOTE BY TELEPHONE (TOLL-FREE) OR BY INTERNET. PLEASE REFER TO THE ENCLOSED **GOLD** PROXY CARD FOR INSTRUCTIONS ON HOW TO VOTE ELECTRONICALLY.

WE URGE YOU NOT TO VOTE ANY [COLOR] PROXY CARD THAT MAY BE SENT TO YOU BY THE COMPANY. IF YOU HAVE DONE SO, YOU MAY VOTE IN FAVOR OF THE BYLAW AMENDMENT AND THE REMOVAL AND REPLACEMENT OF THE CURRENT BOARD BY USING THE ENCLOSED **GOLD** PROXY CARD TO VOTE BY TELEPHONE, BY INTERNET OR BY DELIVERING A LATER DATED VALIDLY EXECUTED **GOLD** PROXY CARD TO THE CONCERNED INFUSYSTEM GROUP, IN CARE OF INNISFREE M&A INCORPORATED AT THE ADDRESS LISTED BELOW.

IF YOU HAVE ANY QUESTIONS ABOUT EXECUTING OR DELIVERING YOUR **GOLD** PROXY CARD OR REQUIRE OTHER ASSISTANCE, PLEASE CONTACT:

**INNISFREE M&A INCORPORATED**

**501 MADISON AVENUE, 20TH FLOOR**

**NEW YORK, NY 10022**

**Stockholders Call Toll-Free at: (888) 750-5834**

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**Please use the enclosed GOLD Proxy Card to vote TODAY by telephone, by Internet or by signing, dating and returning the GOLD Proxy Card in the postage-paid envelope provided.**

THIS SOLICITATION IS BEING MADE BY THE CONCERNED INFUSYSTEM GROUP AND NOT ON BEHALF OF THE COMPANY'S BOARD. YOUR VOTE IS IMPORTANT, NO MATTER HOW MANY OR HOW FEW SHARES YOU OWN. WE URGE YOU TO VOTE PROMPTLY USING THE ENCLOSED **GOLD** PROXY CARD.

The date of this Proxy Statement is [ ], 2012. This Proxy Statement and the enclosed GOLD Proxy Card are first being sent or given to stockholders on or about [ ], 2012 to holders of record as of [ ], 2012.



## REASONS FOR THE SOLICITATION

We believe that our Group Nominees will provide better leadership, strategic insight and planning, and governance for the Company than the Company's current directors. As detailed further below, our nominees have experience in creating significant stockholder value as involved stockholders, members of boards of directors, and senior leaders of management teams. We expect, as a direct consequence of this, to drive superior financial results which, over time, should enhance stockholder value. Unlike the current Board, who appear to be rushing to pursue strategic alternatives prior to the Company's 2012 annual meeting, if the Group Nominees are elected, they will pursue strategic alternatives only after careful and thoughtful exploration, they will be mindful only of maximizing value for all stockholders and of their fiduciary duties, and they will not be pressured to make decisions or act prematurely by any artificial deadlines.

### InfuSystem Stockholders Deserve Better Representation

Stockholders of the Company have suffered for several years. The Board brought InfuSystem public in October 2007 via a blank check company, which had \$5.97 per common share in cash. At December 31, 2007, InfuSystem stock closed at \$4.15. Since that time through February 29, 2012, InfuSystem's stock price has declined by over 50%. Compare this with the S&P 500 index at December 31, 2007 and February 29, 2012, which declined by approximately 7%, excluding dividends. In our view, the inferior performance of the Company resulted from poor decision-making.

Further, we believe the Board and management have enriched themselves to the detriment of stockholders. In 2010, the total compensation, including Board and Committee meeting fees and the value of 2010 stock grants, reported by the Company for each current non-executive director of the Company ranged from \$206,338 for Timothy Kopra, who joined the Board on May 4, 2010, to \$1,324,375 for Vice Chairman Pat LaVecchia. It bears noting that this extraordinary compensation was for a company with net revenue of only approximately \$47 million in 2010. Compare this with the \$90,775 in average total direct compensation, including Board and Committee meeting fees and the value of stock awards, for directors of micro cap companies (i.e., companies with between \$50 and \$500 million in annual revenues) cited in the 2011-2012 Director Compensation Report of the National Association of Corporate Directors, based on the data of the 2011 director compensation study conducted by Pearl Meyer & Partners. In fact, every member of the Company's Board in 2010, excluding Mr. Kopra's partial year of service, was paid more than the average total direct compensation of \$228,058 for directors of the largest 200 companies (based on revenue) in the S&P 500.

Of this total Board compensation, we find the most self-serving elements to be the restricted stock grants and associated tax gross-up payments. In April 2010, sizable amounts of restricted stock were granted to all Board members, ranging from 75,000 to 250,000 shares for the non-executive Board members (with grant date fair values ranging from \$190,500 to \$635,000) to 450,000 shares (with a grant date fair value of \$1,143,000) for the Company's Chief Executive Officer, Sean McDevitt. These restricted stock awards were not contingent on the achievement of any goal or other performance criteria, but rather provided significant compensation rewards to Board members despite the Company's poor financial and stock price performance. Moreover, as if the overly generous grant to themselves of 1,125,000 restricted shares (excluding new appointee Mr. Kopra's 25,000 shares and 25,000 restricted stock units), or approximately 6% of the Company's then-outstanding stock, were not sufficient compensation, in December 2010, the Board amended the restricted stock grants, previously scheduled to vest over three years, to provide immediate vesting. Even more incredibly, and contrary to the compensation policies of almost all public companies, the Board made the astonishing decision that the Company pay Board member's individual income taxes on these

extraordinary restricted stock grants. As a result of this decision, each Board member, including Mr. McDevitt, received a sizable cash tax gross-up payment in 2010 ranging from \$124,000 to \$435,000, with \$36,000 for Mr. Kopra who joined the Company's Board in April 2010.

In all, the huge restricted stock awards granted to the Board members, including Mr. McDevitt, had a grant date fair value in excess of \$2.7 million in April 2010. The Company paid out cash in excess of \$1.8 million in December 2010 in tax gross-up payments. Those funds should have been used to grow the Company's business but served, instead, to further impair the Company's 2010 financial performance. Tax gross-up payments generally, even on change-of-control payments, are objectionable to investors, and we understand they are disfavored by the two major U.S. independent proxy advisory firms, Institutional Shareholder Services (ISS) and Glass Lewis. Tax gross-ups on equity awards, as done here, are, we believe, significantly outside any normal or customary compensation practice. To us, this egregious and self-serving conduct by the Board at the expense of stockholders clearly demonstrates the Board's inability to properly perform its duties and suggests fiduciary lapses.

The over-compensation of Mr. McDevitt did not stop with his restricted stock awards and tax gross-ups. Mr. McDevitt also serves as a director and Board Chairman, and, unlike executive Board members of most other companies, Mr. McDevitt received, in addition to his compensation as Chief Executive Officer, additional compensation in the amount of \$90,000 in 2010 for his position as a director. Further, in 2010, the Board provided Mr. McDevitt a share award consisting of up to 2,000,000 additional shares of common stock if the Company achieves certain stock price thresholds. While we support tying compensation to Company stock price performance and appreciate the ambitiousness of the stock price thresholds under the share award agreement (\$5 to \$15 per share), the Company's February 6, 2012 Revocation Solicitation Statement reports that Mr. McDevitt is guaranteed all 2,000,000 shares if the Company undergoes a change in control. We believe this stock grant is extreme for a company with market capitalization of less than \$50 million.

We believe the scope and size of the Board's awards under the Company's equity compensation plans are considerably beyond the level of appropriate stockholder dilution for management compensation, and they are coupled with features in the plan that would permit the Company to reprice options that are underwater. Stock option repricing flies in the face of good compensation practices. While we are not aware if the Company has repriced stock options, we do not believe that the equity plans should even permit repricing.

Stockholders, including the Concerned InfuSystem Stockholders, have complained directly to management and members of the Board that the compensation levels are wildly inappropriate. We have specifically criticized the Board's decision-making process, including the failure of its compensation committee to engage a compensation consultant and hold adequate meetings of a fully-functioning and fully-staffed, independent compensation committee to consider the pay package for the Chief Executive Officer. We particularly and directly expressed to the Chief Executive Officer that his window to correct the outrageous compensation levels was closing quickly, and called to his attention the almost forty percent withheld votes for the Board members at last year's annual meeting. See Background to the Solicitation.

Prior to our starting the process to remove the existing directors and replace them with our slate of responsible, experienced, and stockholder-driven directors, the CEO, the Vice Chairman and others on the Board remained intractable - failing to take corrective action or even, apparently, to take stockholder concerns seriously.

In our view, the time has come for the current Board to hand control over to our Group Nominees. The stockholder response to our request to call a special meeting was overwhelming: we submitted agent designations representing more than 11.6 million shares in calling for this special meeting, which was more than 54% of all of the outstanding shares and over 66% of the outstanding shares not held by members of the current Board and management. Consider this with the 39.1% percent opposition to the current Board last year represented by the withheld votes at the 2011 annual meeting of stockholders. We believe it is clear that the current Board has failed to respond to the requests of stockholders. It is regrettable that such significant time, effort and expense is required to get the Company to pay sufficient attention to these matters.

### **The Concerned InfuSystem Group Slate:**

#### **Effective, Qualified Representation for Your Investment**

We turn now to the positive contributions expected from our director slate. The full biographies for the Group Nominees are provided in Proposal Three. The Concerned InfuSystem Stockholders urge you to remove the incumbent Board and elect a slate that can effect meaningful change in the boardroom. We have put together our

group of nominees to include large stockholders of the Company who have successfully led operating businesses, along with seasoned executives with operational experience (including in the health care industry). Chuck Gillman has significant past experience as a stockholder who works closely with companies in which he, on behalf of Boston Capital, has taken an active interest, and which companies have then experienced significant growth. For example, Mr. Gillman became actively involved in MRV Communications, Inc. in July 2009, and the stock price currently trades at approximately 200% of the level at that time. Dilip Singh was interim CEO of MRV Communications, and during the first year of his tenure, from July 2010 to June 2011, revenue increased by 12% and operating income increased by 320%. Ryan Morris joined the equity committee of HearUSA in June 2011, and the stock trades now at almost 300% of the level when he joined.

We will draw on John Climaco's significant executive experience with Axial Biotech, Inc., a healthcare services company, to review and improve the Company's strategy. Further, Joseph Whitters, the Chief Financial Officer of First Health for fifteen years, is affiliated with a health care focused investment firm and serves on the board of directors or as a consultant to many health care businesses. Mr. Whitters' financial rigor and management skills will be directly beneficial to the financial and operational business of the Company, and he will be able to mentor members of the management team. In addition, we will utilize Alan Bazaar's investor, board and committee experience, as well as financial statement audit and capital allocation expertise to identify areas of weakness and enhance the value in the Company. Similarly, Robert Pons' long history of public company board and committee service, coupled with his variety of senior level management experience with early stage ventures, Fortune 500 and turnaround companies will be valuable in driving the initiatives of the Group Nominees and guiding the Company and its management.

The Concerned InfuSystem Stockholders suggest engaging Dr. Kevin Scanlon, who was trained at Yale Medical School in cancer pharmacology, as a senior advisor to assist the Group Nominees with technical advising and guidance on maximizing the utilization of the Company's technologies. Dr. Scanlon is currently the Chairman of the Pasadena Angels Investment Group, and previously served in senior management of several start-up biotechnology and pharmaceutical companies, where he has been accomplished at converting academic medicine into practical business applications.

#### **The Concerned InfuSystem Group Slate:**

##### **A Plan to Increase the Value of Your Investment**

We project compensating our director slate at the level of comparable companies, which would not only save the Company considerable dollars but would send a positive message to the stockholders, employees and investment community. Further, we intend to focus director compensation primarily through stock option grants, rather than cash compensation, to greater align Board interests with stockholder interests. Finally, unlike the Company's egregious past practice, all of our directors will pay their own taxes on their cash and stock-related compensation.

Next, if elected, our Group Nominees will charge Company management to improve performance and will commit to overseeing management and the Company more closely. For example, at least two members of our proposed slate of nominees plan to spend an extended period of time at Company headquarters. This will allow the proposed new Board to work more closely with Company management and employees to better understand the Company's current operations and business risks and to provide better Board guidance and oversight of the Company. By better understanding the needs of the Company's customers and employees, the new Board can better provide them the necessary direction to use the tools and resources to maximize the Company's potential.

Our Group Nominees are dedicated to improved corporate governance for the Company. We intend to restructure the Company's leadership by creating a non-executive Chairman of the Board, separate from the Company's Chief Executive Officer. The Chairman sets the agenda for the Board meetings, and will ensure that Company executives bring corporate strategy shifts and other significant decision-making to the Board for full consideration and approval. Our Group Nominees will structure committee assignments consistent with best practices for the audit, compensation, and nominating/governance committees of the Board. Our Group Nominees will also formalize a delegation of authority to management to ensure that management decisions appropriately serve the Company's needs and the stockholders' interests. Further, we will improve direct Company accountability to stockholders, as we intend to repeal the Company's poison pill, reduce the share ownership threshold necessary to request a special meeting of stockholders from a majority of the outstanding shares to 15% of the Company's stock, amend the Bylaws to permit beneficial stockholders to directly make proposals and director nominations at the annual meeting, and address other anti-stockholder democracy provisions.

If our Group Nominees are elected, we will immediately begin to change the direction of the Company by crafting a stockholder maximization blue print that emphasizes a performance and accountability driven culture. While optimizing control of expenses at the Board and operational level, we will seek to enhance the resources of the Company's sales team to assist in their efforts to strengthen existing distribution channels and expand into new channels. The new Board will look to foster a supportive environment for the Company's employees and to understand their concerns, and will work to develop employee talent. We believe in having a culture of integrity, mutual respect, delegation, team work and responsibility. Focused business goals will include scaling the business, organic growth as the Company's foundation supplemented by incremental growth through acquisition, and a focus on markets, customers, and products.

Finally, we note that, on February 27, 2012, the Company publicly announced that it had hired a financial advisor, Houlihan Lokey, to evaluate its strategic alternatives. We believe the timing of the Company's engagement suggests a knee-jerk reaction to our actions to call the Special Meeting to replace the Board. In a February 6, 2012 public announcement, the Company claimed that InfuSystem has the right plan in place to deliver long-term value to stockholders, and that The InfuSystem Board and Management Team are Efficiently Executing on the Company's Strategic Plan. On February 24, 2012, only three days prior to announcing the retention of an advisor, Mr. McDevitt publicly stated that InfuSystem strongly believes that the Company has the right Board and management team in place to continue executing on its plan. The Board's sudden rush to hire a financial advisor and evaluate strategic alternatives, which presumably would include a sale of the Company, in response to our strong support to call a special meeting to remove the Board appears to us to be another imprudent move that reflects the poor judgment of this Board. Except in dire circumstances, which do not appear to apply to the Company, this kind of major change of course should be the result of a careful assessment conducted thoughtfully over time in order to consider available alternatives and the best opportunities. If the Board intends to put in place a major transaction prior to the Special Meeting, we question whether this rushed activity is in the stockholders' best interest, whether the process and consideration fulfill the Board's fiduciary obligations and whether this apparent urgency is an effort to avoid replacement motivated by other concerns.

There is a time and place for the retention of such a financial advisor, but that is a decision for a board of directors that speaks for the stockholders, not one that has lost the stockholders' confidence, as evidenced by the call for this Special Meeting. We agree that the Company's strategic alternatives need to be explored, including partnerships, joint ventures or mergers or sales, but we believe that a dedicated Board needs to take a critical look at the Company's business. Those alternatives may prove attractive, but only after a considered analysis by a board of directors with the motivation and incentives to enhance the long-term value of the Company. We believe InfuSystem has very valuable long-term assets with significant opportunity for growth, and we will strive to maximize that value to stockholders through a sale only if an appropriate price can be achieved.

### **BACKGROUND TO THE SOLICITATION**

In late July 2011, a representative of Kleinheinz had a conference call with Mr. McDevitt, the Company's Chief Executive Officer and Chairman, and Mr. LaVecchia, the Company's Vice Chairman, regarding the Company, its prospects and fundamentals. During this call, Messrs. McDevitt and LaVecchia noted that only \$0.3 million of the Company's \$2 million share repurchase program had been used due to the low trading volume of the Company's stock, as, according to Messrs. McDevitt and LaVecchia, the Company was limited to purchasing only a percentage of the Company's daily trading volume. During September 2011, a representative of Kleinheinz and Messrs. McDevitt and LaVecchia exchanged messages related to an inquiry by Kleinheinz regarding whether the Company would be interested in purchasing a block of 200,000 shares of Kleinheinz's common stock pursuant to the Company's share repurchase program. In late September 2011, Mr. McDevitt informed a representative of Kleinheinz that the Company declined the offer.

On December 6, 2011, Meson, Kleinheinz and Boston collectively filed with the Securities and Exchange Commission (SEC) a Schedule 13D reporting 2,423,683 shares, or 11.4%, of the Company's common stock that could be deemed to be beneficially owned by Meson, Kleinheinz and Boston in the aggregate. On that same day, Pat LaVecchia, Vice Chairman of the Board, contacted certain members of the Concerned InfuSystem Stockholders to schedule a meeting in person on December 13, 2011 to discuss the Company.

On December 13, 2011, certain members of the Concerned InfuSystem Stockholders met in person in Fort Worth, Texas with members of the Company's management, including Mr. McDevitt, the Company's Chief Executive Officer and Chairman of the Board, and Mr. LaVecchia. The purpose of the meeting was for us to express

our dissatisfaction with the Company's performance and to request the appointment of three directors selected by us to provide the stockholders representation on the Board to facilitate the generation of stockholder value. The Company indicated that it would discuss our suggestions at a scheduled Board meeting.

On December 19, 2011, certain members of the Concerned InfuSystem Stockholders participated in a conference call with Mr. LaVecchia. During this call, Mr. LaVecchia relayed the Board's support for the Company's current management and current strategy and declined the Group's requests for stockholder board representation.

On January 18, 2012, the Concerned InfuSystem Stockholders filed a preliminary proxy statement relating to a solicitation of consents (the Consent Solicitation) from the Company's stockholders to call a special meeting for the purposes described in this Proxy Statement. On January 20, 2012, Meson, Kleinheinz and Boston collectively filed an amended Schedule 13D reporting the same 2,423,683 shares, or 11.4%, of the Company's common stock deemed to be beneficially owned by the Group as reported in the Schedule 13D filed on December 6, 2011, and updating the disclosure to reflect the filing of such preliminary proxy statement for the Consent Solicitation.

On January 31, 2012, the Concerned InfuSystem Stockholders filed a definitive proxy statement for the Consent Solicitation seeking agent designations from Company stockholders to call a special meeting for the purposes described in this Proxy Statement. On February 1, 2012, Meson, Kleinheinz and Boston collectively filed an amended Schedule 13D reporting no change in the number of shares or percentage of the Company's outstanding stock from its prior Schedule 13D filing, but updating the disclosure to reflect the filing of the definitive proxy statement for the Consent Solicitation. On or about February 2, 2012, the Concerned InfuSystem Stockholders mailed the Consent Solicitation and a cover letter to stockholders regarding the Special Meeting.

On February 24, 2012, certain members of the Concerned InfuSystem Stockholders participated in a meeting in Fort Worth, Texas with Mr. McDevitt and, by telephone, Mr. LaVecchia. At this meeting, the parties discussed the Consent Solicitation and voting status, as well as the Concerned InfuSystem Stockholders' dissatisfaction with the Board.

On February 27, 2012, Meson, as the agent and proxy named in the Consent Solicitation, delivered a written request to the Company requesting that the Company call the Special Meeting (the Special Meeting Request), supported by and including copies of agent designations from holders of 50.19% of the Company's outstanding common stock. Also on February 27, 2012, pursuant to the Bylaws, Mr. Morris individually submitted nominations of seven persons for election to the Board at the Company's 2012 annual meeting of stockholders (the Stockholder Nominations). These seven nominees are the Group Nominees. The Concerned InfuSystem Stockholders issued a press release related to the delivery of the Special Meeting request and 2012 annual meeting Stockholder Nominations on February 27, 2012. Further, on February 28, 2012, Meson, Kleinheinz and Boston collectively filed an amended Schedule 13D reporting no change in the number of shares or percentage of the Company's outstanding stock from its prior Schedule 13D filing, but updating the disclosure to reflect the submission of Meson's request for the Special Meeting on behalf of a majority of the Company's stockholders and Mr. Morris's Stockholder Nominations.

On February 28, 2012, certain members of the Concerned InfuSystem Stockholders participated in a meeting conference call with Mr. McDevitt and Mr. LaVecchia. On this conference call, the parties discussed the status of the Consent Solicitation and the delivery of a request for the Special Meeting and the Stockholder Nominations.

On March 1, 2012, the Concerned InfuSystem Stockholders issued a press release announcing that ISS recommended that InfuSystem stockholders vote FOR the Concerned InfuSystem Stockholders' proposal to call the Special Meeting for the purpose of amending the Bylaws, removing the existing Board members and electing the Group Nominees.

On March 5, 2012, the Company announced that the Special Meeting Request was determined to be valid, based upon an independent inspector of elections report, and that the Special Meeting would be held on or before May 12, 2012.

On March 8, 2012, a representative of the Concerned InfuSystem Stockholders talked by telephone with Board member Wayne Yetter, where they discussed the leadership of the Company and the Company's announced retention of Houlihan Lokey to assist in evaluating the Company's strategic goals.

On March [ ], 2012, Meson, Kleinheinz and Boston collectively filed an amended Schedule 13D reporting no change in the number of shares or percentage of the Company's outstanding stock from its prior Schedule 13D filing, but reflected the filing of this preliminary proxy statement.

## VOTING PROCEDURES

Any owner of record of InfuSystem common stock as of the close of business on the Record Date is entitled to one vote per share of common stock owned. There were [ ] shares of common stock outstanding on the Record Date. Only stockholders of record on the Record Date will be entitled to notice of and to vote at the Special Meeting. Stockholders who sell shares of Company stock before the Record Date (or acquire them without voting rights after the Record Date) may not vote such shares. Stockholders of record on the Record Date will retain their voting rights in connection with the Special Meeting even if they sell such shares after the Record Date. The Concerned InfuSystem Group is not aware of any other outstanding class of InfuSystem securities entitled to vote at the Special Meeting.

Shares represented by properly executed **GOLD** proxy cards will be voted at the Special Meeting as marked and, in the absence of specific instructions, will be voted FOR the proposal to amend the Bylaws to permit stockholders to fill vacancies on the Board, FOR the proposal to remove each of the existing directors serving on the Board, FOR the election of each of the Group Nominees to the Board, FOR the repeal of any Bylaw amendment since the last public filing of the Bylaws on January 29, 2012 and in the discretion of the persons named as proxies to recess or adjourn the Special Meeting, or to vote on all other matters as may properly come before the Special Meeting.

We are asking you to vote to, and all participants in this solicitation intend to vote all of their shares to, amend the Bylaws to permit stockholders to fill vacancies on the Board, to remove all seven members of the Board, Sean McDevitt, David Dreyer, Timothy Kopra, Pat LaVecchia, Jean-Pierre Millon, John Voris and Wayne Yetter, and replace them with the Group Nominees, and to repeal any Bylaw amendment since the last public filing of the Company's Bylaws.

## QUORUM AND REQUIRED VOTE

In order to conduct business at the Special Meeting, at least fifty percent (50%) of the Company's shares outstanding on the Record Date must be represented, in person or by proxy at the Special Meeting. The following describes the Proposals and the stockholder vote necessary to approve each Proposal:

**Proposals One: Amendment of Bylaws at Article II, Section 2.4.** The Concerned InfuSystem Stockholders propose an amendment to Article II, Section 2.4 of the Bylaws to permit the Company's stockholders to fill any vacancies, however caused, on the Board. Presently, only the Board members can fill a Board vacancy or newly created directorship created by the increase in the size of the Board, except in a special circumstance.

Because the Concerned InfuSystem Stockholders seek to remove all of the Company's Board members and replace the removed directors with our Nominees, it is important for the stockholders to have the ability under the Bylaws to fill these vacancies.

The amendment of this bylaw requires the affirmative vote of the holders of a majority of the Company's outstanding shares of common stock, voting together as a single class.

**Proposal Two: Removal of Directors.** The Concerned InfuSystem Group propose the removal, without cause, of each of the Company's current directors, as well as any other person who may be appointed a director without stockholder approval subsequent to January 18, 2012 and prior to the effectiveness of the Proposals. The Company's current directors are Sean McDevitt, David Dreyer, Timothy Kopra, Pat LaVecchia, Jean-Pierre Millon, John Voris and Wayne Yetter.

Pursuant to Article II, Section 2.3 of the Company's Bylaws, the removal of directors requires the affirmative vote of the holders of a majority of the Company's outstanding shares of common stock, voting together as a single class.

**Proposal Three: Election of Directors.** The Concerned InfuSystem Stockholders propose seven nominees to be elected directors of the Company to serve until the 2013 annual meeting of stockholders and until their successors shall have been duly elected and qualified. The following individuals have been nominated for election: Alan Bazaar, John Climaco, Charles Gillman, Ryan Morris, Robert Pons, Dilip Singh and Joseph Whitters.

Assuming there is a quorum at the Special Meeting, directors will be elected by a plurality of the votes cast by the stockholders of the Company entitled to vote at the Special Meeting. Stockholders have no cumulative voting rights with respect to directors.

A vote to withhold for all nominees will be considered as a vote cast at the Special Meeting.

***Proposal Four: Repeal of Any Company Amendments Prior to the Effectiveness of the Proposals Election of Directors.***

Proposal Four seeks to repeal any amendment to the Bylaws adopted without stockholder approval subsequent to the last public filing on January 22, 2009 of the Bylaws and prior to the effectiveness of the Proposals. This Proposal is designed to prevent the Board from taking actions to amend the Bylaws to attempt to nullify or delay the actions taken by, or proposed to be taken by, the stockholders pursuant to the Proposals or to create new obstacles to the implementation of changes in the Company's Board. The Bylaws filed with the SEC on January 22, 2009 as Exhibit 3.2 to the Company's Current Report on Form 8-K are the most recent publicly-available version of the Bylaws. Accordingly, Proposal One would only amend Article II, Section 2.4 and would not repeal any other provision of the January 22, 2009 version of the Bylaws. If, however, the Board has adopted since January 22, 2009, or adopts prior to the effectiveness of the Proposals, any amendment to the Bylaws, Proposal Four would repeal such amendment so as to prevent the Board from creating new obstacles to and removing any existing undisclosed obstacles to the adoption of the Proposals.

The repeal of bylaws requires the affirmative vote of the holders of a majority of the Company's outstanding shares of common stock, voting together as a single class.

***Proposal Five: Recess or Adjourn the Special Meeting, If Necessary, For Any Reason, or Oppose Any Recess or Adjournment of the Special Meeting.*** Proposal Five would permit the Concerned InFuSystem Group to call for the recess or adjournment of the Special Meeting for any reason if they deem it necessary. Further, Proposal Five would permit the Concerned InFuSystem Group to oppose any attempt by the Company to recess or adjourn the Special Meeting in order to prevent the Company from preventing, delaying or otherwise thwarting the stockholder action at the Special Meeting.

This proposal requires the affirmative vote of the holders of a majority of the Company's shares of common stock present at the Special Meeting.

#### **ABSTENTIONS AND BROKER NON-VOTES**

The inspector of elections appointed by the Board for the Special Meeting will calculate affirmative votes, negative votes, abstentions and broker non-votes. Under Delaware law, shares represented by proxies that reflect abstentions, but not broker non-votes, will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

A broker non-vote results on a matter when a broker or other street or nominee record holder returns a duly executed proxy but does not vote on such matter solely because the record holder does not have discretionary authority to vote on such matter and has not received voting instructions from the beneficial holder. Such record holders have discretionary authority to vote on routine matters, regardless of whether they have received voting instructions. We intend to solicit proxies from all of the Company's stockholders. Abstentions and broker non-votes (if any) on Proposals One, Two and Four have the same effect as a vote against these Proposals. Broker non-votes (if any) on Proposal Three will have no effect, and abstentions and broker non-votes (if any) will have no effect on Proposal Five.

Shares held in street name and held of record by banks, brokers or nominees may not be voted by such banks, brokers or nominees unless the beneficial owners of such shares provide them with instructions on how to vote.

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**REVOCATION OF PROXIES**

Company stockholders may revoke their proxies at any time prior to exercise by attending the Special Meeting and voting in person (although attendance at the Special Meeting will not in and of itself constitute revocation of a proxy) or by delivering a written notice of revocation. The delivery of a subsequently dated proxy which is properly completed will constitute a revocation of any earlier proxy. The revocation may be delivered either to the Concerned InfuSystem Group in care of Innisfree M&A Incorporated at 501 Madison Avenue, 20<sup>th</sup> Floor, New York, NY 10022 or to the Company at 31700 Research Park Drive, Madison Heights, Michigan 48071, or any other address provided by the Company. Although a revocation is effective if delivered to the Company, the Concerned InfuSystem Group requests that either the original or photostatic copies of all revocations be mailed to the Concerned InfuSystem Group in care of Innisfree M&A Incorporated at the address set forth on the back cover of this Proxy Statement so that the Concerned InfuSystem Group will be aware of all revocations and can more accurately determine if and when proxies have been received from the holders of record on the Record Date and the number of outstanding shares represented thereby. Additionally, Innisfree M&A Incorporated may use this information to contact stockholders who have revoked their proxies in order to solicit later dated proxies for the election of the Group Nominees.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SPECIAL MEETING TO BE HELD ON [            ], 2012**

This Proxy Statement and any additional soliciting materials relating to the Special Meeting issued by the Concerned InfuSystem Group are available at [www.innisfreema.com/infu](http://www.innisfreema.com/infu) and will remain available through the conclusion of the Special Meeting.

**SOLICITATION OF PROXIES; EXPENSES**

The Concerned InfuSystem Stockholders will bear the entire expense of preparing and mailing this Proxy Statement and any other soliciting material and the total expenditures relating to the solicitation of requests to call the Special Meeting, including, without limitation, costs, if any, related to advertising, printing, fees of attorneys, financial advisors, solicitors and accountants, public relations, transportation and litigation. We may solicit proxies by telephone, email, and personal solicitation, in addition to the mail. We will reimburse the reasonable out-of-pocket expenses of banks, brokerage houses, and other custodians, nominees, and fiduciaries in connection with the forwarding of proxy material to the beneficial owners of Company common stock that such institutions hold.

Innisfree, a proxy solicitation firm, was retained to assist in the solicitation of agent designations in connection with the request to call the Special Meeting and the proxy solicitation in connection with the Special Meeting at a fee not to exceed [\$60,000], plus reimbursement of reasonable out-of-pocket expenses. Innisfree will be indemnified against certain liabilities and expenses, including certain liabilities under the federal securities laws. That firm will utilize approximately 30 persons in its solicitation efforts.

We estimate that our total expenditures relating to the solicitation of requests to call the Special Meeting and the solicitation of proxies for approval of the Proposals at the Special Meeting will be approximately \$400,000. The increase from our prior estimate of \$250,000 is due to the fact that although the Company announced on March 5, 2012 that it would set a special meeting date for no later than May 12, 2012, the Company has still not announced a date for the special meeting, nor has the Company announced any definitive plans to combine the annual and special meeting, so we have no choice but to continue the process of soliciting proxies for the special meeting. Our total expenditures to date relating to these solicitations have been approximately \$250,000.

If we are successful in our solicitation of proxies approving the Proposals at the Special Meeting, we will seek reimbursement from the Company for all actual expenses we have incurred since the formation of the Concerned InfuSystem Stockholders group in December 2011, and will incur, in connection with this solicitation, including the cost of preparing, disseminating, and the public filing of this document, stock ownership filings and related public filings, and the solicitation of proxies approving the Proposals in connection with the Special Meeting. Following the Special Meeting, the Concerned InfuSystem Stockholders will request that the Board approve a reimbursement of such expenses. We do not currently intend to submit such matter to a vote of the Company's stockholders.

**PROPOSAL ONE**

**BYLAW AMENDMENT TO PERMIT STOCKHOLDERS TO FILL DIRECTOR VACANCIES**

Proposal One asks stockholders to amend the Company's Bylaws to permit stockholders to fill Board vacancies, however created. The Company's current Bylaws provide at Article II, Section 2.4 that vacancies and



newly created director positions occurring on the Board may be filled only by a majority of the then-current directors or a sole remaining director. However, if the number of then-current directors constitutes less than a majority of the then-current Board size (prior to an increase to reflect the newly created director positions), the Bylaws also presently permit stockholders holding at least 10% of the Company's stock then-entitled to vote for such directors to request that the Delaware Court of Chancery order an election to fill the vacancies or newly created director positions, or to replace the directors chosen by the directors then in office.

As a result, although the Bylaws currently entrust stockholders holding a majority of the Company's shares with the power to remove any director or the entire Board with or without cause, the Bylaws do not allow those same stockholders to replace the removed directors or to fill newly created Board vacancies. The Concerned InfuSystem Stockholders believe that such an arrangement serves to limit the ability of stockholders to elect directors who represent their interests, especially in the wake of stockholder action to remove a director or directors. The Concerned InfuSystem Stockholders believe that, in addition to the remaining directors, it is important for the Company's stockholders to have the right to fill vacancies, no matter how created, or newly created director positions.

Because the Concerned InfuSystem Stockholders seek to remove all of the Company's Board members and replace the removed directors with the Group Nominees, it is important for the stockholders to have the ability under the Bylaws to fill these vacancies and prevent any action by the current Board that might interfere with the effectiveness of the Proposals in this Proxy Statement. Section 109(a) of the Delaware General Corporation Law and Article VI, Section 6.8 of the Company's Bylaws permit the Company's stockholders to amend the Bylaws.

The proposed text of Article II, Section 2.4 following the amendment under this Proposal One is as follows:

**2.4 Vacancies.** Subject to any contrary provision in the Certificate of Incorporation or these Bylaws, vacancies and newly created directorships resulting from any increase in the total number of authorized directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any vacancies or newly created directorships not filled by the directors may be filled at any time by the stockholders owning a majority of the shares then entitled to vote at an election of directors, acting either by written consent or at an annual meeting or at a special meeting called for such purpose. Any director so elected by the directors or the stockholders to fill any such vacancy or newly created directorship shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any vacancy created by the removal of a director may be filled only by approval of the stockholders owning a majority of the shares then entitled to vote at an election of directors, acting either by written consent or at an annual meeting or at a special meeting called for such purpose.

**THE CONCERNED INFUSYSTEM GROUP URGES YOU TO VOTE FOR THE AMENDMENT TO THE BYLAWS REGARDING VACANCIES.**

## **PROPOSAL TWO**

### **REMOVAL OF THE EXISTING BOARD**

Proposal Two provides for the removal without cause of the Company's entire Board, Sean McDevitt, David Dreyer, Timothy Kopra, Pat LaVecchia, Jean-Pierre Millon, John Voris and Wayne Yetter. This Proposal also contemplates the removal of any other person or persons (other than the persons elected at the Special Meeting) elected or appointed without stockholder approval to the Board prior to the effective date of the Proposals to fill any newly-created directorship or vacancy on the Board. This is intended to address the possibility that the Company or current directors might try to add directors who are aligned with them.

The Bylaws, along with Section 141(k) of the Delaware General Corporation Law (the "DGCL"), provide that any director or the entire Board may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of the Company's directors, unless otherwise provided in the Company's Certificate of Incorporation. For the reasons discussed under "Reasons for the Solicitation," the Concerned InfuSystem Stockholders believe that it is imperative for the direction of the Company and the preservation of stockholder value to remove each of the Company's current Board members.

For more information on the potential impact on the Company in the event that the Company's current directors are removed under this Proposal Two, please refer to "Certain Effects of This Solicitation" in this Proxy Statement. The effectiveness of Proposal Two is subject to, and conditioned upon, the effectiveness of Proposal One.

**THE CONCERNED INFUSYSTEM GROUP URGES YOU TO VOTE FOR THE REMOVAL OF ALL OF THE COMPANY'S DIRECTORS.**

**PROPOSAL THREE**

**ELECTION OF THE CONCERNED INFUSYSTEM GROUP NOMINEES**

Proposal Three provides for the election of the seven Group Nominees to serve as directors of the Company until the 2013 annual meeting of stockholders and until their successors are duly elected and qualified. If Proposal One and Proposal Two are approved, there will be up to seven vacancies on the Board which may be filled by the vote of a plurality of the Company's shares represented and voted at the Special Meeting. For the reasons in this Proxy Statement, the Concerned InfuSystem Stockholders have nominated seven highly qualified individuals to fill these vacancies on the Board.

As discussed in "Reasons for the Solicitation" of this Proxy Statement, we believe the Group Nominees, who have no current affiliation with the Board and management, will increase the quality of oversight by the Board, maximize or otherwise enhance stockholder value and more effectively exercise their fiduciary duties to stockholders than the current Board. Your vote to elect the Group Nominees will have the legal effect of filling the vacancies created by the removal of the seven incumbent directors, Sean McDevitt, David Dreyer, Timothy Kopra, Pat LaVecchia, Jean-Pierre Millon, John Voris and Wayne Yetter, and any other appointments or elections to the Board without stockholder approval in advance of the Special Meeting, with the Group Nominees. In the event fewer than seven members of the current Board are removed by stockholders in Proposal Two, such that there are fewer than seven vacancies resulting on the Board, then the Group Nominees shall be elected in order based upon the highest number of votes received from stockholders.

It is the intention of the Concerned InfuSystem Stockholders to fill all vacancies created by the approval of Proposal Two with one or more of the Group Nominees, as outlined above, and not to leave any vacancies on the Board.

We do not expect that any Group Nominee will be unable to stand for election. However, in the event that any Group Nominee is unable to serve, or for good cause will not serve, the shares represented by the enclosed **GOLD** proxy card will be voted for substitute nominees named by the Concerned InfuSystem Stockholders, to the extent not prohibited under the Company's Certificate of Incorporation, Bylaws or applicable law. Further, the Concerned InfuSystem Stockholders reserve the right to challenge any Company action that has, or if consummated would have, the effect of disqualifying any Group Nominee. In case of any disqualification, shares represented by the enclosed **GOLD** proxy card will be voted for a substitute nominee, to the extent not prohibited under the Certificate of Incorporation, Bylaws or applicable law.

For more information on the potential impact on the Company in the event that the Company's current directors are elected under this Proposal Three, please refer to "Certain Effects of This Solicitation" in this Proxy Statement. The effectiveness of Proposal Three is subject to, and conditioned upon, the effectiveness of Proposals One and Two.

**Information Regarding The Nominees**

Set forth below are the name, age, business address, present principal occupation, and employment and material occupations, positions, offices, or employments for the past five years of each of the proposed Group

Nominees. We reserve the right to nominate substitute persons for any of the nominees named herein. This information has been furnished to the Concerned InFuSystem Group by the Group Nominees. Other than Mr. Morris, who is a citizen of Canada, the Group Nominees are citizens of the United States of America.

**Alan Bazaar**, age 41, is a Managing Director and Partner of Hollow Brook Associates, LLC, where he is responsible for investment research, portfolio management, business development and compliance. Prior to joining Hollow Brook in January 2010, Mr. Bazaar was a Managing Director and Portfolio Manager at Richard L. Scott Investments, LLC ( RLSI ). Mr. Bazaar was with RLSI for over ten years where he co-managed the public equity portfolio and was responsible for all aspects of the investment decision-making process including all elements of due diligence. Mr. Bazaar was formerly a director of Airco Industries, Inc., a privately held manufacturer of aerospace products, from 2006 to 2010, when it was sold. He was also a director of Media Sciences Inc, a formerly NASDAQ-listed manufacturer of printer ink supplies, from June 2004 to April 2008, where he served on the Nominating and Corporate Governance, Compensation and Audit Committees. From 1995 to July 1999, he was with Arthur Andersen LLP. serving both the Assurance and Financial Buyer s Practices unit and in his last position serving as a Supervisory Senior Consultant in the Business Fraud and Investigation Services unit. Mr. Bazaar received an undergraduate degree in History from Bucknell University and a Masters of Business Administration from New York University, Stern School of Business. He is also a Certified Public Accountant.

Mr. Bazaar is a proposed Group Nominee in light of Mr. Bazaar s significant experience as an investor, board member and committee member, and considerable expertise in financial statement audits and capital allocation. We believe that such experience and expertise will be very valuable to the Company s new Board of Directors.

**John Climaco**, age 43, is the President and Chief Executive Officer, as well as member of the board of directors, of Axial Biotech, Inc., a venture-backed molecular diagnostics company specializing in spine disorders, which he co-founded in 2003. Under Mr. Climaco s leadership, and through partnerships he created with companies including Medtronic, Johnson & Johnson and Smith & Nephew, Axial successfully developed and commercialized ScolioScore, the first molecular prognostic test in the orthopaedic industry. Among other accolades, *Orthopaedics This Week* recognized ScolioScore as the Best New Diagnostics Technology for Spine Care 2010. Mr. Climaco has been involved with start-up ventures in various capacities for the last twelve years. Prior to founding Axial Biotech, Mr. Climaco served as a Producer in 1998 and Director of Programming from 1999 to 2000 for Quokka Sports, a venture-backed online media company that went public in 1999. While with Quokka, Mr. Climaco created partnerships with Intel, Microsoft WebTV, NBC Sports, and National Geographic. An attorney by training, Mr. Climaco practiced with Fabian & Clendenin in Corporate and Tax Law in Salt Lake City from 2001 to 2007. Over his career, he has handled a wide range of transactions, including IPOs, venture, private equity, and debt financings, mergers and acquisitions and intellectual property licensing transactions. Mr. Climaco holds a Bachelor of Arts in Philosophy, cum laude, from Middlebury College and a Juris Doctorate from the University of California, Hastings College of Law.

Mr. Climaco has significant executive experience with a healthcare services company, including in raising capital, engineering strategic alliances and building executive teams, a distinctive record of business successes, and considerable experience managing complex business operations and legal strategies. As a result, we have named Mr. Climaco as a Group Nominee.

**Charles Gillman**, age 41, has provided portfolio management services for Nadel and Gussman, LLC, a management company that employs personnel for business entities related to family members of Herbert Gussman, in Tulsa, Oklahoma since March 2001. In June 2002, Mr. Gillman founded Value Fund Advisors, LLC ( VFA ) so that VFA could serve as the investment advisor of various family related assets. VFA discontinued its role as investment advisor in December 2008. Prior to joining Nadel and Gussman, LLC, Mr. Gillman held a number of positions in the investment industry. From September 1992 to June 1994, Mr. Gillman was a strategic management consultant in the New York office of McKinsey & Company, a management consulting firm. While at McKinsey, Mr. Gillman worked to develop strategic plans for business units of companies located both inside the United States and abroad. Currently, Mr. Gillman serves on the boards of directors of MRV Communications, Inc., a communications equipment and services company traded on the OTCQB, which he joined in November 2009 and where he is a member of the Compensation Committee and previously served on the Audit Committee; Littlefield Corporation a charitable gaming company quoted on the OTCQB, which he joined in May 2008 and where he is a member of the Compensation and Nominating Committees and previously served on the Audit Committee; and CompuMed, Inc., a private medication management company, which he joined in February 2008. Mr. Gillman received a Bachelor of Science, summa cum laude, from the Wharton School of the University of Pennsylvania and serves on the board of the Penn Club of New York.

Mr. Gillman's expertise is in the creation of stockholder value at companies in transition, and he has extensive experience in the analysis of companies going through changes in their capital allocation strategy. In light of this, his service on multiple boards of publicly traded companies, and his strategic planning expertise, we have named Mr. Gillman as a Group Nominee.

**Ryan Morris**, age 27, is the Managing Partner of Meson Capital Partners, a New York-based investment partnership, which he founded in February 2009. Since June 2011, Mr. Morris has served as a member of the equity committee responsible for selling the assets of, and maximizing value to the stockholders of, HearUSA, Inc., an NYSE Amex-listed company in Chapter 11 bankruptcy. Prior to founding Meson LP, in 2008 he co-founded VideoNote LLC, a small and profitable educational software company with customers including Cornell University and The World Bank, and he continues to serve as its Chief Executive Officer. Mr. Morris has a Bachelors of Science and Masters of Engineering degree in Operations Research & Information Engineering from Cornell University, and he has completed the Chartered Financial Analyst Program.

Mr. Morris has extensive investment experience as both a founder of an operating company, as well as an investment partnership. We have selected Mr. Morris as a Group Nominee in light of his experience and expertise and his dedication to the improvement of the Company's Board.

**Robert Pons**, age 55, has served as the Chairman of the board of directors of Livewire Mobile, Inc., a wireless technology company since November 2009, which board he joined in December 2008. From January 2008 to February 2011, he served as Senior Vice President of Capital Markets for Management Network Group Inc. (also known as TMNG Inc.). Mr. Pons served as President and Chief Executive Officer of Uphonia, Inc. (also known as Smartserv Online Inc.), an OTC-quoted wireless applications server, from January 2004 to April 2007 and its Interim Chief Executive Officer from August 2003 to January 2004. He was a co-founder and served as President and Chief Operating Officer of FreedomPay, Inc. from March 1999 to April 2002. Mr. Pons was the Founder of LifeSafety Solutions, Inc. and served as its President and Chief Executive Officer from January 1994 to March 1999. Prior to founding LifeSafety Solutions, Mr. Pons held Senior Executive positions in the landline and wireless telecom industry with MCI, Inc. from 1980 to 1986 and Sprint Inc. He served as Senior Vice President of Business Development for Geotek. In 1986, he was recruited by Sprint to manage its Northeast Sales division with over \$750 million in revenue. He also served as a Special Advisor to the President of MCI during MCI's highest growth years.

In addition to serving as Chairman of LiveWire Mobile, Mr. Pons currently serves on numerous other boards of directors. He joined the board of Primus Telecommunications Group Inc., an NYSE-listed advanced telecommunications service provider, in September 2011 and currently serves on its Nominating and Governance Committee. He joined the board of Proxim Wireless Corporation, an OTCQX-quoted provider of wireless network technologies for wireless internet, video surveillance and backhaul applications, in May 2011 and currently serves on its Audit Committee. He joined the board of Network-1 Security Solutions, Inc., an OTCQB-quoted company engaged in the acquisition, development, licensing and protection of its various telecommunications and data networking intellectual property and proprietary technologies, in December 2003, where he currently serves on the Compensation Committee. He serves as a Director and member of the Nominating and Governance Committee of MRV Communications, Inc., which he joined in November 2011. He served as a Director of Arbinet Corporation (formerly Arbinet-thexchange Inc.) from April 2009 to February 2011. Mr. Pons holds a Bachelor of Arts, with honors, from Rowan University.

Mr. Pons has over 30 years of senior level management experience including early stage ventures, Fortune 500 and turnaround companies and developing new distribution strategies. Further, he has a wealth of public company board and committee service experience. As a result, we have named Mr. Pons a Group Nominee.

**Dilip Singh**, age 63, most recently served as the Chief Executive Officer and a Director of MRV Communications, Inc. from July 2010 to December 2011. Prior to joining MRV, Mr. Singh was Chief Executive Officer of Telia-Sonera Spice Nepal, a large Asian mobile operator, from December 2008 to May 2009, where he was responsible for turning a new acquisition to sustained growth and profitability. From 2004 to 2008, Mr. Singh was President and Chief Executive Officer of Telenity, Inc., a convergence applications, service delivery platform and value added services telecom software company. Mr. Singh was President of NewNet, a telecom infrastructure software startup, which was acquired by ADC Telecommunications Inc., from 1994 to 1998. He remained an executive consultant to ADC through 2000, and returned in 2003 to 2004 as the president of ADC's software systems division. In the interim 2001 to 2003 period, he was Executive Chairman of IntelliNet and Entrepreneur in Residence with MC

Venture Partners, and in such capacity acted as an executive consultant and board advisor to several companies. From 1988 to 1994, Mr. Singh was an executive director at Sprint Corporation, where he directed strategic planning and development of intelligent network services, network management and call center applications for consumer and business customers, and supported marketing and sales with an annual revenue impact of over \$2 billion. Prior to Sprint, he co-founded United Database Corporation, a start-up that led the introduction of yellow pages in three major metropolitan cities in India and had \$12 million in revenue during its first 18 months. Mr. Singh began his career as an executive telecommunication consultant with Alcatel-Lucent switching systems divisions in the United States, England, Germany and Italy for over 10 years. Mr. Singh earned a Masters degree in Electronics and Communications Electrical Engineering from the Indian Institute of Technology and a Masters of Science in Physics from the University of Jodhpur.

He has almost 40 years of operational executive management and board experience with global Fortune 500 telecom carriers, entrepreneurial start-ups and early stage telecom software companies, network equipment providers and a venture capital firm. Mr. Singh has been named as a Group Nominee because of his vast executive experience in a variety of roles and in companies of all sizes.

**Joseph Whitters**, age 53, has been an Advisor to Frazier Health Care, a venture capital firm since 2005. From 1986 to January 2005, Mr. Whitters was employed in various capacities with First Health Group Corp., a nearly \$2 billion market capitalization managed healthcare company serving the group health, workers compensation, and state agency markets, including as Chief Financial Officer and Executive Vice President. Prior to joining First Health in 1986, he served as Controller for the largest subsidiary of United HealthCare Corp. He currently serves as a Director of Omnicell, Inc., NASDAQ-listed medication automation and analytics company, which he joined in May 2003, and where he currently serves as the chairman of the Audit Committee. Previously, he served on the boards of directors and the audit committees of various public companies including Mentor, Solexa and Luminent Mortgage. Mr. Whitters has also been an advisor or board member with several private companies. Mr. Whitters began his career in public accounting with Peat Marwick and has a Bachelors of Arts in accounting degree from Luther College in Iowa. Mr. Whitters is a certified public accountant.

With his almost 20 years of experience in senior financial management positions with healthcare corporations, and the financial expertise and leadership abilities developed during his service in a senior finance role at a large, national health benefits company, we believe Mr. Whitters will bring important financial and accounting skills to the Company's Board. Accordingly, we have named Mr. Whitters as a Group Nominee.

We believe that each of the Group Nominees qualifies as independent under the NYSE Amex Company Guide, and we have no knowledge of any facts that would prevent a determination that each of the Nominees is independent. Messrs. Gillman and Pons both serve on the board of directors of MRV Communications, Inc., where Mr. Singh was Chief Executive Officer until December 2011.

The business address for each of the Group Nominees, excluding Mr. Gillman, whose address is provided in Certain Information Regarding the Participants, is c/o Meson Capital Partners, 531 E. State Street, Ithaca NY, 14850.

None of the Group Nominees has carried on an occupation or employment, during the past five years, with the Company or any corporation or organization which is or was a parent, subsidiary or other affiliate of the Company, and none of the Group Nominees has ever served on the Company's Board. No family relationships exist between any Group Nominee and any director or executive officer of the Company.

Excluding Messrs. Morris and Gillman, none of the Group Nominees nor any of their respective associates owns beneficially, directly or indirectly, or of record but not beneficially, any securities of the Company or any parent or subsidiary of the Company, nor have purchased or sold any securities of the Company within the last two years.

There are no material proceedings to which any Group Nominee or any of his associates is a party adverse to the Company or any of its subsidiaries, nor does any Group Nominee have a material interest adverse to the Company or any of its subsidiaries.

None of the Group Nominees has been involved in any legal proceedings in the preceding ten years which are described in Item 401(f) of Regulation S-K promulgated under the Securities Act of 1933 (Regulation S-K) and which must be disclosed as material for purposes of an evaluation of the integrity or ability of any person nominated to become a director under the federal securities laws.

None of the Group Nominees nor any of their associates has received any cash compensation, cash bonuses, deferred compensation, compensation pursuant to plans, or other compensation, from, or in respect of, services rendered on behalf of the Company, or is subject to any arrangement described in Item 402 of Regulation S-K.

The Group Nominees have not received any compensation from the Concerned InfuSystem Stockholders for serving as nominees, and they will not receive any compensation from us for their services as directors of the Company if elected. Each of the Group Nominees, if elected, will be entitled to receive from the Company compensation paid by the Company to its non-employee directors. The compensation currently paid by the Company to its non-employee directors is described in the Company's 2011 Proxy Statement. The Concerned InfuSystem Stockholders have signed or intend to sign a letter agreement pursuant to which we agree to indemnify certain of the Group Nominees against claims arising from the solicitation of proxies from the Company's stockholders in connection with this solicitation, any solicitation in connection with the Special Meeting and any related transactions. Other than as stated in this Solicitation Statement, there are no arrangements or understandings between members of the Concerned InfuSystem Stockholders and any of the Group Nominees or any other person or persons pursuant to which the nomination of the Group Nominees described herein is to be made. Each of the Group Nominees has consented to serve as a nominee, to be named in this Proxy Statement and to serve as a director of the Company if elected as such at the Special Meeting.

**THE CONCERNED I**