
**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): November 12, 2007

InfuSystem Holdings, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation)

0-51902
(Commission File Number)

20-3341405
(I.R.S. Employer Identification No.)

350 Madison Avenue
New York, New York 10017
(Address of Principal Executive Offices)(Zip Code)

(212) 418-5070
(Registrant's telephone number, including area code)

Not Applicable
(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 (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

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

Employment Agreement with Steven Watkins, Chief Executive Officer

InfuSystem Holdings, Inc. (the “Company”) and Steven Watkins have entered into an at will employment agreement (the “Watkins Employment Agreement”) effective November 12, 2007 in connection with his position as Chief Executive Officer of the Company. Pursuant to the terms of the Watkins Employment Agreement, Mr. Watkins will receive a base annual salary of \$300,000. He will also be entitled to a bonus of up to \$150,000 in the event that certain performance goals, pre-established by the Company, are met. The terms of the Watkins Employment Agreement provide that Mr. Watkins will receive a grant of 200,000 shares of the Company’s common stock, par value \$0.0001 per share (the “Common Stock”) under the Company’s 2007 Incentive Compensation Plan (the “Plan”), 25% of which will vest on the date of grant and 25% of such total shares will vest on each of the next three anniversaries of the grant date through which Mr. Watkins remains employed by the Company. The Company will also grant Mr. Watkins an option to purchase 300,000 shares of Common Stock at an exercise price equal to the fair market value of the underlying Common Stock on the date of grant. The stock option will vest in four equal installments on each anniversary of the grant date through which Mr. Watkins remains employed by the Company. The foregoing description of the Watkins Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Watkins Employment Agreement which is filed as Exhibit 10.1 hereto and incorporated herein by reference.

Employment Agreement with Sean Whelan, Chief Financial Officer

The Company and Sean Whelan have entered into an at will employment agreement (the “Whelan Employment Agreement”) effective November 12, 2007 in connection with his position as Chief Financial Officer of the Company. Pursuant to the terms of the Whelan Employment Agreement, Mr. Whelan will receive a base annual salary of \$200,000. He will also be entitled to a bonus of up to \$75,000 in the event that certain performance goals, pre-established by the Company, are met. The terms of the Whelan Employment Agreement also provide that Mr. Whelan will receive a grant of 75,000 shares of the Company’s Common Stock under the Plan, 25% of which will vest on the date of grant and 25% of such total shares will vest on each of the next three anniversaries of the grant date through which Mr. Whelan remains employed by the Company. Mr. Whelan will also receive a one time starting bonus of \$53,007.75 within thirty days of the second month of his employment with the Company. The foregoing description of the Whelan Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Whelan Employment Agreement which is filed as Exhibit 10.2 hereto and incorporated herein by reference.

Employment Agreement with Janet Skonieczny, Vice President, Operations

The Company and Janet Skonieczny have entered into an at will employment agreement (the “Skonieczny Employment Agreement”) effective November 12, 2007 in connection with her position as Vice President, Operations of the Company. Pursuant to the terms of the Skonieczny Employment Agreement, Ms. Skonieczny will receive a base annual salary of \$200,000. She will also be entitled to a bonus of up to \$150,000 in the event that certain performance goals, pre-established by the Company, are met. The Company may, in its sole discretion, increase the bonus awarded to Ms. Skonieczny to an amount not to exceed \$200,000. The terms of the Skonieczny Employment Agreement also provide that Ms. Skonieczny will receive a grant of 100,000 shares of the Company’s Common Stock under the Plan, 25% of which will vest on the date of grant and 25% of such total shares will vest on each of the next three anniversaries of the grant date through which Ms. Skonieczny remains employed by the Company. The foregoing description of the Skonieczny Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Skonieczny Employment Agreement which is filed as Exhibit 10.3 hereto and incorporated herein by reference.

Appointment of Janet Skonieczny as Secretary

On November 12, 2007, Pat LaVecchia resigned as the Company’s Secretary and the Company’s Board of Directors appointed Ms. Skonieczny as Secretary of the Company.

Item 9.01 Financial Statements and Exhibits**(d) Exhibits**

<u>Exhibit No.</u>	<u>Description</u>
10.1	Employment Agreement, dated as of November 12, 2007, by and between InfuSystem Holdings, Inc. and Steven Watkins
10.2	Employment Agreement, dated as of November 12, 2007, by and between InfuSystem Holdings, Inc. and Sean Whalen
10.3	Employment Agreement, dated as of November 12, 2007, by and between InfuSystem Holdings, Inc. and Janet Skonieczny

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

InfuSystem Holdings, Inc.

By: /s/ Steven Watkins

Name: Steven Watkins

Title: Chief Executive Officer

Dated: November 16, 2007

EXHIBIT LIST

<u>Exhibit No.</u>	<u>Description</u>
10.1	Employment Agreement, dated as of November 12, 2007, by and between InfuSystem Holdings, Inc. and Steven Watkins
10.2	Employment Agreement, dated as of November 12, 2007, by and between InfuSystem Holdings, Inc. and Sean Whalen
10.3	Employment Agreement, dated as of November 12, 2007, by and between InfuSystem Holdings, Inc. and Janet Skonieczny

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is entered into and effective as of November 12, 2007 (the "Effective Date"), by and between InfuSystem Holdings, Inc., a Delaware corporation (the "Company"), and Steven E. Watkins (the "Employee").

WHEREAS, the Employee has previously entered into an employment agreement with I-Flow Subsidiary, Inc. (a predecessor to the Company) dated February 9, 1998 (the "Prior Agreement"); and

WHEREAS, the Company has determined to continue to employ the Employee, and the Employee wishes to continue to be employed by the Company; and

WHEREAS, the parties desire to amend and restate the Prior Agreement in its entirety by this Agreement as set forth herein that will control the terms and conditions of the Employee's employment with the Company.

NOW, THEREFORE, in consideration of the promises and the mutual covenants set forth herein, the parties hereto agree as follows:

1. Employment. The Prior Agreement is hereby amended and restated in its entirety by this Agreement. Employee's employment with the Company will be at-will, and Employee and the Company may each terminate Employee's employment at any time for any reason or no reason without payment, penalty or further obligation except as set forth in Section 5(c) hereof. While employed by the Company (the "Employment Period"), Employee shall use his best efforts and devote his entire business time and attention to advancement of the business and welfare of the Company and its affiliates, and to the performance of Employee's duties under this Agreement and the duties reasonably assigned to him by the Company hereafter. During the Employment Period, Employee shall not engage in any other employment or business activity without the express prior written consent of the Company; provided, however, the Company acknowledges that Employee is a limited partner in Tu-Effs Limited Partnership and agrees that Employee shall be permitted to continue to perform the same consulting services for Tu-Effs Limited Partnership that he currently performs in connection with his minority ownership positions in such entity so long as such consulting activities do not interfere with his duties and obligations to the Company hereunder.

2. Position and Duties. Employee shall serve as the Chief Executive Officer of the company, with such duties and responsibilities as are customarily assigned to such position and such other duties and responsibilities as the Company's Board of Directors may from time to time assign.

3. Compensation.

(a) Base Salary. During the Employment Period, the Company shall pay Employee an annual compensation of US\$300,000 per year (the "Annual Base Salary") for all services rendered to the Company by Employee, payable in accordance with the Company's regular payroll policies for similarly situated executives, subject, however, to withholding deductions, including without limitation social security taxes and applicable federal, state and local income and other employment taxes. The Company shall annually review the Annual Base Salary and based on that review, the Company may, in its sole discretion, increase the Employee's Annual Base Salary in an amount greater than the figure state above.

(b) Incentive Compensation.

(i) Annual Cash Bonus. For each calendar year of the Company that ends during the Employment Period, the Employee will have the opportunity to earn a cash bonus (the "Bonus Award"), based on satisfaction of pre-established performance goals for each calendar year established in the sole discretion of the Company. The Bonus Award (subject to the attainment of performance goals) in effect as of the Effective Date is US\$150,000 per year; provided, however, the Company, in its sole discretion, may increase the amount of the Bonus Award the Employee may earn during a calendar year. The Bonus Award shall be paid 60 days after the end of the applicable calendar year; provided, however, if it is administratively impracticable to make the payment by such date, the payment shall be made as soon as reasonably practicable thereafter.

(ii) Long-Term Incentive Awards. On or as soon as practicable after the closing date of the transactions contemplated by the Stock Purchase Agreement among I-Flow Corporation, the Company, InfuSystem, Inc., and Iceland Acquisition Subsidiary, Inc., provided Employee is then still employed by the Company, and subject to approval of the Company's 2007 Incentive Compensation Plan by the shareholders of the Company, the Employee will receive:

(1) a grant of 200,000 shares of common stock of the Company ("Restricted Shares"), of which 25% of such total shares shall immediately vest on the date of grant, and 25% of such total shares shall vest on each of the next three anniversaries of the grant date through which the Employee remains employed. These Restricted Shares will be awarded pursuant to, and subject to, the Company's 2007 Incentive Compensation Plan, and shall be evidenced by and subject to the terms and conditions to be set forth in a restricted stock agreement.

(2) a grant of an option to purchase an aggregate of 300,000 shares of common stock of the Company ("Stock Option"), which shall have an exercise price equal to the fair market value of the underlying common stock on the date of grant and shall vest in four equal installments on each anniversary of the grant date through which the Employee remains employed. The Stock Option shall be awarded pursuant to, and subject to, the Company's 2007 Incentive Compensation Plan, and shall be evidenced by and subject to the terms and conditions to be set forth in a stock option agreement.

4. Vacation, Participation in Benefit Plans, and Expenses.

(a) Employee shall be entitled to such number of days of paid vacation each year as is consistent with the Company's practices, policies and programs for executives.

(b) During the Employment Period, the Employee shall be eligible to participate in, and receive benefits under, those benefit plans and arrangements provided by the Company to its similarly situated executives, subject to, and on a basis consistent with, the terms, conditions and overall administration of such plans and arrangements. The Company reserves the right to modify or terminate its benefit plans and arrangements generally for employees or any group of employees.

(c) During the Employment Period, the Company, at its option, shall either (i) continue to pay the premiums currently paid by the Company on the long-term care insurance policy and disability insurance policy to which the Employee is currently covered or (ii) pay the premiums on a long-term care insurance policy and a disability insurance policy with comparable benefits to which the Employee would be the insured.

(d) During the Employment Period, the Employee shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Employee in carrying out the Employee's duties under this Agreement, provided that the Employee complies with the policies, practices and procedures of the Company for submission of expense reports, receipts or other similar documentation of such expenses.

(e) During the Employment Period, the Company shall reimburse the Employee for all lease payments and all maintenance, fuel, insurance and operating expenses with respect to the Ford F-150 currently leased by Employee. Upon expiration of such automobile lease, if such expiration occurs within the Employment Period, the Company, at its option, shall either (i) reimburse Employee for all lease payments and all maintenance, fuel, insurance and operating expenses incurred during the Employment Period with respect to an automobile subsequently leased by Employee comparable to the automobile currently leased by Employee or (ii) furnish Employee with an automobile comparable to the automobile currently leased by Employee and reimburse Employee for all maintenance, fuel, insurance and operating expenses with respect to such Company-provided automobile during the Employment Period.

(f) To assist you in rendering your duties in a more efficient and productive manner, the Company shall provide you (at the Company's sole cost and expense) a digital mobile and home telephones (and related accounts) for your exclusive use throughout the Employment Period.

(g) During the Employment Period, the Employee shall be entitled to such other benefits as approved by the Board of Directors of the Company.

5. Termination of Employment.

(a) Death or Disability. The Employee's employment shall terminate automatically upon the Employee's death during the Employment Period. The Company shall, to the full extent permitted by law, be entitled to terminate Employee's employment because of the Employee's Disability (as herein defined) during the Employment Period. For purposes hereof, the term "Disability" shall mean the inability of Employee to reasonably perform his duties or responsibilities to the Company as a result of mental or physical ailment of incapacity, for an aggregate period of ninety (90) calendar days during the Employment Period (whether or not consecutive).

(b) Cause. For purposes hereof, the term "Cause" shall include, but is not limited to, any one or more of the following events:

(i) Employee's repeated failure or inability to perform the duties and responsibilities set forth under this Agreement or assigned from time to time by the Company;

(ii) Employee's failure to comply with all material applicable laws and regulations in performing the duties and responsibilities set forth under this Agreement or assigned from time to time by the Company;

(iii) Employee's breach of any of Employee's legal duties to the Company, rules applicable to all Company employees generally or contractual obligations to the Company set forth in this Agreement or any other agreement between the Company and Employee;

(iv) An act or acts of fraud, misappropriation, or embezzlement on the Employee's part which result in or are intended to result in the Employee's or another's personal enrichment at the expense of the Company or its subsidiaries, affiliates, employees, agents or customers;

(v) Willful misconduct or gross negligence that has a material adverse effect on the Company or its subsidiaries or affiliates;

(vi) Employee's conviction of a felony or of any crime involving moral turpitude or dishonesty (or entering a plea of nolo contendere with respect to such crime); and

(vii) Any other activity which would constitute grounds for termination for cause by the Company or its subsidiaries or affiliates.

For purposes of this Agreement, any good faith interpretation by the Company of the foregoing definition of "Cause" shall be conclusive on the Employee.

(c) Termination Pay.

(i) If Employee's employment with the Company is terminated (A) by Employee for any reason, (B) by the Company for Cause, or (C) by the Company upon Employee's Disability or as a result of Employee's death, then Employee (or Employee's estate) shall be entitled to receive all Annual Base Salary, vacation, benefits and other compensation that has accrued but is unpaid as of the date of termination, including any Bonus Award earned in respect of the immediately preceding calendar year but not yet paid as of the date of termination, and no other compensation. Any payments under this provision (except for any Bonus Award) shall be made within 30 days after the date on which employment terminates. Any Bonus Award payable under this provision shall be made in accordance with Section 3(b)(i) of this Agreement.

(ii) If Employee's employment with the Company is terminated by the Company for any reason other than as set forth in Section 5(c)(i) above, then contingent upon execution and delivery to the Company of an unconditional general release, in form satisfactory to the Company, of all claims against the Company and any of its officers, director or affiliates arising from or in connection with this Agreement or Employee's employment with the Company, Employee shall be entitled to receive: (1) all Annual Base Salary, vacation, benefits and other compensation that has accrued but is unpaid as of the date of termination, (2) any Bonus Award earned in respect of the immediately preceding calendar year but not yet paid as of the date of termination, (3) pro-rata vesting of the Restricted Shares and Stock Option granted pursuant to Section 3(b)(ii) of this Agreement based upon the services performed by the Employee in the year of termination, (4) a pro-rata Bonus Award for the year of termination, calculated assuming achievement of the target level of performance within the performance range established with respect to such award and basing such pro-rata portion upon the portion of the award period that has elapsed as of the date of termination, and (5) for a period of two years following the date of termination, continued payment of Annual Base Salary (the "Severance Benefit"). Employee's right to such Severance Benefit shall be conditioned upon Employee's continuing compliance with the restrictive covenants set forth in Section 7 of this Agreement. If Employee fails to comply with the restrictive covenants set forth in Section 7 of this Agreement, the Employee shall forfeit the Severance Benefit. Any payments under subsection (1) of this Section 5(c)(ii) shall be made within 30 days after the date on which employment terminates; any payments under subsections (2) and (4) of this Section 5(c)(ii) shall be made in accordance with Section 3(b)(i) of this Agreement; and any payments under subsection (5) of this Section 5(c)(ii) shall be made in accordance with the Company's regular payroll policies for similarly situated executives.

6. Change in Control. Upon a Change in Control as herein defined, (i) all the Restricted Shares granted pursuant to Section 3(b)(ii)(1) of this Agreement shall immediately vest and all restrictions with respect thereto shall lapse, and (ii) the unvested portion of the Stock Option granted pursuant to Section 3(b)(ii)(2) of this Agreement shall immediately vest.

For the purposes hereof, the term “Change in Control” means the following and shall be deemed to occur if and when: (i) any person (as that term is used in Sections 13(d) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended) of 50% or more of either the then outstanding shares of common stock or the combined voting power of the Company’s then outstanding securities entitled to vote generally in the election of directors unless such person is already a beneficial owner on the date of this Agreement, or (ii) individuals who, as of the date hereof, constitute the Board of Directors of the Company (“Incumbent Board”) cease for any reason to constitute at least a majority of the Board of Directors of the Company, provided that any individual who becomes a director after the date hereof whose election, or nomination for election by the Company’s shareholders, is approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered to be a member of the Incumbent Board. Notwithstanding anything contained herein to the contrary, any merger of the Company with InfuSystem, Inc. or a subsidiary or affiliate of InfuSystem, Inc. shall not be deemed to be a Change in Control.

7. Noncompetition/Confidentiality.

(a) The Employee agrees that from the commencement of the Employment Period until the date that is two years after the date of termination of employment (and, as to clause (ii) of this Section 7, at any time thereafter) Employee will not, directly or indirectly, do or suffer any of the following:

(i) Engage in a Competitive Activity. For purposes of this Agreement, the Employee shall be considered to have engaged in a Competitive Activity if the Employee: (i) directly or indirectly, or by action in concert with others, solicits, induces, or influences, or attempts to solicit, induce or influence, any other employee or consultant of the Company or any direct or indirect subsidiary to terminate their employment or other business arrangements with Company or any direct or indirect subsidiary, or to engage in any Competing Business (as hereinafter defined) or hires, employs, engages (including as a consultant or partner) or otherwise enters into a Competing Business with any such person, (ii) solicits any of the customers of the Company or any direct or indirect subsidiary (or any of their employees), induces such customers or their employees to reduce their volume of business with, terminate their relationship with or otherwise adversely affect their relationship with, Company or any direct or indirect subsidiary, (iii) does business with any person who was a customer of the Company or any direct or indirect subsidiary during the twelve-month period prior to the Employee’s date of termination if such business would constitute a Competing Business, (iv) directly or indirectly engages in, represents in any way, or is connected with, any Competing Business, directly competing with the business of the Company or any direct or indirect subsidiary, whether such engagement shall be as officer, director, owner, employee, partner, consultant, affiliate or other participant in any Competing Business or (v) assists others in engaging in any Competing Business in the manner described in the foregoing clause (iv). An activity shall be deemed to be a “Competing Business” if it competes with any business conducted by the Company or any of its current or future affiliates. However, this provision shall not be enforceable and Employee shall be permitted to engage in Competitive Activity if Employee’s termination of employment is without cause as defined in Section 5. The Company may elect, in its sole discretion, to continue to pay Employee all compensation set forth in Section 3. for up to one year from the date of Employee’s termination of employment without cause, and, in such case, Employee shall be prohibited from engaging in Competitive Activity during such time period.

(ii) Disclose Confidential Information to any third party without the prior written consent of the Company or use such Confidential Information other than in connection with the discharge of any duties to the Company in the Employee’s capacity as an officer, director, employee or agent of the Company As used herein “Confidential Information” means all information, knowledge,

systems or data relating to the business, operations, clients or finances of the Company or its subsidiaries, except for information which at the time of disclosure was in the public domain unless such information was placed into the public domain in violation of any non-disclosure obligation, including, without limitation, this Section 7.

(b) The Employee expressly agrees and understands that the remedy at law for any breach by him of any of the provisions of this Section 7 will be inadequate and that damages flowing from such breach are not readily susceptible to being measured in monetary terms. Accordingly, it is acknowledged that upon adequate proof of the Employee's violation of any legally enforceable provision of Section 7, the Company shall be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach. Nothing in Section 7 shall be deemed to limit the Company's remedies at law or in equity for any breach by the Employee of any of the provisions of Section 7 which may be pursued or availed of by the Company.

(c) In the event the Employee shall violate any legally enforceable provision of Section 7 as to which there is a specific time period during which he is prohibited from taking certain actions or from engaging in certain activities, as set forth in such provision, then, such violation shall toll the running of such time period from the date of such violation until such violation shall cease; provided, however, the Company shall seek appropriate remedies in a reasonably prompt manner after discovery of a violation by the Employee.

(d) The Employee has carefully considered the nature and extent of the restrictions upon him and the rights and remedies conferred upon the Company under Section 7, and hereby acknowledges and agrees that the same are reasonable in time and territory, are designed to eliminate competition which otherwise would be unfair to the Company, are designed to not stifle the inherent skill and experience of the Employee, would not operate as a bar to the Employee's sole means of support, are fully required to protect the legitimate interests of the Company and do not confer a benefit upon the Company disproportionate to the detriment to the Employee.

(e) It is expressly understood and agreed that although the parties consider the restrictions contained in this Section 7 hereof to be reasonable for the purpose of preserving the goodwill, proprietary rights and going concern value of the Company, if a final determination is made by an arbitrator or a court, as the case may be, having jurisdiction that any of the covenants contained in Section 7, or any part thereof, is unenforceable, the provisions of this Section 7 shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such other extent as such arbitrator or court, as the case may be, may determine or indicate to be reasonable. Alternatively, if the arbitrator or court, as the case may be, referred to above finds that any restriction contained in this Section 7 or any remedy provided herein is unenforceable, and such restriction or remedy cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained therein or the availability of any other remedy.

8. **No Public Statements or Disparagement.** Employee agrees that Employee will not make any public statements regarding the Employee's employment or the termination of Employee's employment (for whatever reason) that are not agreed to by the Company. The Employee agrees that Employee will not make any public statement that would libel, slander, or disparage the Company or any of its respective past or present officers, directors, employees or agents. Notwithstanding this Section, nothing contained herein shall limit or impair the ability of any party to provide truthful testimony in response to any validly issued subpoena.

9. Miscellaneous.

(a) Governing Law. This Agreement shall be governed in all respects, including validity, interpretation and effect, by the internal laws of the State of Michigan.

(b) Modifications and Amendments. This Agreement may not be modified, changed or supplemented, nor may any obligations hereunder be waived, except by written instrument signed by the party to be charged.

(c) Assignability. This Agreement is personal to the Employee. The Employee may not assign this Agreement or any of the rights and/or obligations under this Agreement to any other person. The Company may, without the Employee's consent, assign this Agreement to any affiliate of the Company, to any successor in interest to the business of any of the Company, or to a purchaser of all or substantially all of the assets of any of the Company.

(d) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations between the parties with respect to the subject matter of this Agreement.

(e) Severability. Should a court or other body of competent jurisdiction determine that any provision of this Agreement is excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and all other provisions of this Agreement shall be deemed valid and enforceable to the maximum extent possible.

(f) Notices. Any notice, demand or other communication required, permitted or desired to be given hereunder shall be in writing and shall be deemed effectively given upon personal delivery, facsimile transmission (with confirmation of receipt), delivery by reputable overnight delivery service (delivery, postage or freight charges prepaid) or on the fourth day following deposit in the United States mail (if sent by certified or registered mail, return receipt requested, delivery, postage or freight charges prepaid), in each case duly addressed to the Company at its headquarters or to Employee at his address of record listed with the Company for payroll purposes.

(g) Headings. The section headings herein are intended for reference and shall not by themselves determine the construction or interpretation of this Agreement.

(h) Construction. This Agreement shall be construed without regard to any presumption or rule requiring construction against the party causing such instrument or any portion thereof to be drafted. No rule of strict construction will be applied for or against either of the parties hereto.

(i) Counterparts. This Agreement may be executed in counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

(j) Waiver. The waiver by the Company of a breach of any provision of this Agreement by the Employee shall not operate or be construed as a waiver of any subsequent breach by the Employee.

(k) Withholding. The Company shall have the right to deduct from any amounts payable under this Agreement an amount necessary to satisfy its obligation, under applicable laws, to withhold income or other taxes of the Employee attributable to payments made hereunder.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement effective as of the date first written above.

InfuSystem, Inc., a California corporation

By: /s/ Sean Whalen

Name: Sean Whalen

Title: Chief Financial Officer

/s/ Steven E. Watkins

Steven E. Watkins

Employee

EMPLOYMENT AGREEMENT

This Employment Agreement (this “**Agreement**”) is entered into and effective as of November 12, 2007 (the “Effective Date”), by and between InfuSystem Holdings, Inc., a Delaware corporation (the “**Company**”), and Sean Whelan (the “**Employee**”).

WHEREAS, the Employee is presently employed by the Company; and

WHEREAS, the Company has determined to continue to employ the Employee, and the Employee wishes to continue to be employed by the Company pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the promises and the mutual covenants set forth herein, the parties hereto agree as follows:

1. **Employment.** Employee’s employment with the Company will be at-will, and Employee and the Company may each terminate Employee’s employment at any time for any reason or no reason without payment, penalty or further obligation except as set forth in Section 5(c) hereof. While employed by the Company (the “**Employment Period**”), Employee shall use his best efforts and devote his entire business time and attention to advancement of the business and welfare of the Company and its affiliates, and to the performance of Employee’s duties under this Agreement and the duties reasonably assigned to him by the Company hereafter. During the Employment Period, Employee shall not engage in any other employment or business activity without the express prior written consent of the Company.

2. **Position and Duties.** Employee shall serve as the Chief Financial Officer of the Company, with such duties and responsibilities as are customarily assigned to such position and such other duties and responsibilities as the Company’s Board of Directors may from time to time assign.

3. **Compensation.**

(a) **Base Salary.** During the Employment Period, the Company shall pay Employee an annual compensation of US \$200,000 per year (the “**Annual Base Salary**”) for all services rendered to the Company by Employee, payable in accordance with the Company’s regular payroll policies for similarly situated executives, subject, however, to withholding deductions, including without limitation social security taxes and applicable federal, state and local income and other employment taxes. The Company shall annually review the Annual Base Salary and based on that review, the Company may, in its sole discretion, increase the Employee’s Annual Base Salary in an amount greater than the figure state above.

(b) **Incentive Compensation.**

(i) **Annual Cash Bonus.** For each calendar year of the Company that ends during the Employment Period, the Employee will have the opportunity to earn a cash bonus (the “**Bonus Award**”), based on satisfaction of pre-established performance goals for each calendar year established in the sole discretion of the Company. The Bonus Award (subject to the attainment of performance goals) in effect as of the Effective Date is US \$75,000 per

year; provided, however, the Company, in its sole discretion, may increase the amount of the Bonus Award the Employee may earn during a calendar year; but in no event, shall such increased Bonus Award exceed US \$ 100,000. The Bonus Award shall be paid 60 days after the end of the applicable calendar year; provided, however, if it is administratively impracticable to make the payment by such date, the payment shall be made as soon as reasonably practicable thereafter.

(ii) Long-Term Incentive Awards. On or as soon as practicable after the closing date of the transactions contemplated by the Stock Purchase Agreement among I-Flow Corporation, the Company, InfuSystem, Inc., and Iceland Acquisition Subsidiary, Inc., provided Employee is then still employed by the Company, and subject to approval of the Company's 2007 Incentive Compensation Plan by the shareholders of the Company, the Employee will receive a grant of 75,000 shares of common stock of the Company ("**Restricted Shares**"), of which 25% of such total shares shall immediately vest on the date of grant, and 25% of such total shares shall vest on each of the next three anniversaries of the grant date through which the Employee remains employed. These Restricted Shares will be awarded pursuant to, and subject to, the Company's 2007 Incentive Compensation Plan, and shall be evidenced by and subject to the terms and conditions to be set forth in a restricted stock agreement.

(iii) Starting Bonus. Employee will be paid a one-time sum of \$53,007.75 within 30 days of the end of the second month of his employment by the Company.

4. Vacation, Participation in Benefit Plans, and Expenses.

(a) Employee shall be entitled to such number of days of paid vacation each year as is consistent with the Company's practices, policies and programs for executives.

(b) During the Employment Period, the Employee shall be eligible to participate in, and receive benefits under, those benefit plans and arrangements provided by the Company to its similarly situated executives, subject to, and on a basis consistent with, the terms, conditions and overall administration of such plans and arrangements. The Company reserves the right to modify or terminate its benefit plans and arrangements generally for employees or any group of employees.

(c) During the Employment Period, the Company, at its option, shall either (i) continue to pay the premiums currently paid by the Company on the long-term care insurance policy and disability insurance policy to which the Employee is currently covered or (ii) pay the premiums on a long-term care insurance policy and a disability insurance policy with comparable benefits to which the Employee would be the insured.

(d) During the Employment Period, the Employee shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Employee in carrying out the Employee's duties under this Agreement, provided that the Employee complies with the policies, practices and procedures of the Company for submission of expense reports, receipts or other similar documentation of such expenses.

(e) During the Employment Period, the Company shall pay the Employee a monthly automobile allowance of US \$800 and reimburse the Employee for all fuel expenses with respect to such automobile.

(f) To assist the Employee in rendering his duties in a more efficient and productive manner, the Company shall provide the Employee (at the Company's sole cost and expense) digital mobile and home telephones (and related accounts) for the Employee's exclusive use throughout the Employment Period.

(g) During the Employment Period, the Employee shall be entitled to such other benefits as approved by the Board of Directors of the Company.

5. Termination of Employment.

(a) Death or Disability. The Employee's employment shall terminate automatically upon the Employee's death during the Employment Period. The Company shall, to the full extent permitted by law, be entitled to terminate Employee's employment because of the Employee's Disability (as herein defined) during the Employment Period. For purposes hereof, the term "**Disability**" shall mean the inability of Employee to reasonably perform his duties or responsibilities to the Company as a result of mental or physical ailment of incapacity, for an aggregate period of ninety (90) calendar days during the Employment Period (whether or not consecutive).

(b) Cause. For purposes hereof, the term "**Cause**" shall include, but is not limited to, any one or more of the following events:

(i) Employee's repeated failure or inability to perform the duties and responsibilities set forth under this Agreement or assigned from time to time by the Company;

(ii) Employee's failure to comply with all material applicable laws and regulations in performing the duties and responsibilities set forth under this Agreement or assigned from time to time by the Company;

(iii) Employee's breach of any of Employee's legal duties to the Company, rules applicable to all Company employees generally or contractual obligations to the Company set forth in this Agreement or any other agreement between the Company and Employee;

(iv) An act or acts of fraud, misappropriation, or embezzlement on the Employee's part which result in or are intended to result in the Employee's or another's personal enrichment at the expense of the Company or its subsidiaries, affiliates, employees, agents or customers;

(v) Willful misconduct or gross negligence that has a material adverse effect on the Company or its subsidiaries or affiliates;

(vi) Employee's conviction of a felony or of any crime involving moral turpitude or dishonesty (or entering a plea of nolo contendere with respect to such crime); and

(vii) Any other activity which would constitute grounds for termination for cause by the Company or its subsidiaries or affiliates.

For purposes of this Agreement, any good faith interpretation by the Company of the foregoing definition of “Cause” shall be conclusive on the Employee.

(c) Termination Pay.

(i) If Employee’s employment with the Company is terminated (A) by Employee for any reason, (B) by the Company for Cause, or (C) by the Company upon Employee’s Disability or as a result of Employee’s death, then Employee (or Employee’s estate) shall be entitled to receive all Annual Base Salary, vacation, benefits and other compensation that has accrued but is unpaid as of the date of termination, including any Bonus Award earned in respect of the immediately preceding calendar year but not yet paid as of the date of termination, and no other compensation. Any payments under this provision (except for any Bonus Award) shall be made within 30 days after the date on which employment terminates. Any Bonus Award payable under this provision shall be made in accordance with Section 3(b)(i) of this Agreement.

(ii) If Employee’s employment with the Company is terminated by the Company for any reason other than as set forth in Section 5(c)(i) above, then contingent upon execution and delivery to the Company of an unconditional general release, in form satisfactory to the Company, of all claims against the Company and any of its officers, director or affiliates arising from or in connection with this Agreement or Employee’s employment with the Company, Employee shall be entitled to receive: (1) all Annual Base Salary, vacation, benefits and other compensation that has accrued but is unpaid as of the date of termination, (2) any Bonus Award earned in respect of the immediately preceding calendar year but not yet paid as of the date of termination, (3) pro-rata vesting of the Restricted Shares granted pursuant to Section 3(b)(ii) of this Agreement based upon the services performed by the Employee in the year of termination, (4) a pro-rata Bonus Award for the year of termination, calculated assuming achievement of the target level of performance within the performance range established with respect to such award and basing such pro-rata portion upon the portion of the award period that has elapsed as of the date of termination, and (5) for a period of two years following the date of termination, continued payment of Annual Base Salary (the “Severance Benefit”). Employee’s right to such Severance Benefit shall be conditioned upon Employee’s continuing compliance with the restrictive covenants set forth in Section 7 of this Agreement. If Employee fails to comply with the restrictive covenants set forth in Section 7 of this Agreement, the Employee shall forfeit the Severance Benefit. Any payments under subsection (1) of this Section 5(c)(ii) shall be made within 30 days after the date on which employment terminates; any payments under subsections (2) and (4) of this Section 5(c)(ii) shall be made in accordance with Section 3(b)(i) of this Agreement; and any payments under subsection (5) of this Section 5(c)(ii) shall be made in accordance with the Company’s regular payroll policies for similarly situated executives.

6. Change in Control. Upon a Change in Control as herein defined, (i) all the Restricted Shares granted pursuant to Section 3(b)(ii) of this Agreement shall immediately vest and all restrictions with respect thereto shall lapse.

For the purposes hereof, the term “**Change in Control**” means the following and shall be deemed to occur if and when: (i) any person (as that term is used in Sections 13(d) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended) of 50% or more of either the then outstanding shares of common stock or the combined voting power of the Company’s then outstanding securities entitled to vote generally in the election of directors unless such person is already a beneficial owner on the date of this Agreement, or (ii) individuals who, as of the date hereof, constitute the Board of Directors of the Company (“**Incumbent Board**”) cease for any reason to constitute at least a majority of the Board of Directors of the Company, provided that any individual who becomes a director after the date hereof whose election, or nomination for election by the Company’s shareholders, is approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered to be a member of the Incumbent Board. Notwithstanding anything contained herein to the contrary, any merger of the Company with InfuSystem, Inc. or a subsidiary or affiliate of InfuSystem, Inc. shall not be deemed to be a Change in Control.

7. Noncompetition/Confidentiality.

(a) The Employee agrees that from the commencement of the Employment Period until the date that is two years after the date of termination of employment for any reason (and, as to clause (ii) of this Section 7, at any time thereafter) Employee will not, directly or indirectly, do or suffer any of the following:

(i) Engage in a Competitive Activity. For purposes of this Agreement, the Employee shall be considered to have engaged in a Competitive Activity if the Employee: (i) directly or indirectly, or by action in concert with others, solicits, induces, or influences, or attempts to solicit, induce or influence, any other employee or consultant of the Company or any direct or indirect subsidiary to terminate their employment or other business arrangements with Company or any direct or indirect subsidiary, or to engage in any Competing Business (as hereinafter defined) or hires, employs, engages (including as a consultant or partner) or otherwise enters into a Competing Business with any such person, (ii) solicits any of the customers of the Company or any direct or indirect subsidiary (or any of their employees), induces such customers or their employees to reduce their volume of business with, terminate their relationship with or otherwise adversely affect their relationship with, Company or any direct or indirect subsidiary, (iii) does business with any person who was a customer of the Company or any direct or indirect subsidiary during the twelve-month period prior to the Employee’s date of termination if such business would constitute a Competing Business, (iv) directly or indirectly engages in, represents in any way, or is connected with, any Competing Business, directly competing with the business of the Company or any direct or indirect subsidiary, whether such engagement shall be an as officer, director, owner, employee, partner, consultant, affiliate or other participant in any Competing Business or (v) assists others in engaging in any Competing Business in the manner described in the foregoing clause (iv). An activity shall be deemed to be a “Competing Business” if it competes with any business conducted by the Company or any of its current or future affiliates.

(ii) Disclose Confidential Information to any third party without the prior written consent of the Company or use such Confidential Information other than in

connection with the discharge of any duties to the Company in the Employee's capacity as an officer, director, employee or agent of the Company As used herein "Confidential Information" means all information, knowledge, systems or data relating to the business, operations, clients or finances of the Company or its subsidiaries, except for information which at the time of disclosure was in the public domain unless such information was placed into the public domain in violation of any non-disclosure obligation, including, without limitation, this Section 7.

(b) The Employee expressly agrees and understands that the remedy at law for any breach by his of any of the provisions of this Section 7 will be inadequate and that damages flowing from such breach are not readily susceptible to being measured in monetary terms. Accordingly, it is acknowledged that upon adequate proof of the Employee's violation of any legally enforceable provision of Section 7, the Company shall be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach. Nothing in Section 7 shall be deemed to limit the Company's remedies at law or in equity for any breach by the Employee of any of the provisions of Section 7 which may be pursued or availed of by the Company.

(c) In the event the Employee shall violate any legally enforceable provision of Section 7 as to which there is a specific time period during which she is prohibited from taking certain actions or from engaging in certain activities, as set forth in such provision, then, such violation shall toll the running of such time period from the date of such violation until such violation shall cease; provided, however, the Company shall seek appropriate remedies in a reasonably prompt manner after discovery of a violation by the Employee.

(d) The Employee has carefully considered the nature and extent of the restrictions upon his and the rights and remedies conferred upon the Company under Section 7, and hereby acknowledges and agrees that the same are reasonable in time and territory, are designed to eliminate competition which otherwise would be unfair to the Company, are designed to not stifle the inherent skill and experience of the Employee, would not operate as a bar to the Employee's sole means of support, are fully required to protect the legitimate interests of the Company and do not confer a benefit upon the Company disproportionate to the detriment to the Employee.

(e) It is expressly understood and agreed that although the parties consider the restrictions contained in this Section 7 hereof to be reasonable for the purpose of preserving the goodwill, proprietary rights and going concern value of the Company, if a final determination is made by an arbitrator or a court, as the case may be, having jurisdiction that any of the covenants contained in Section 7, or any part thereof, is unenforceable, the provisions of this Section 7 shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such other extent as such arbitrator or court, as the case may be, may determine or indicate to be reasonable. Alternatively, if the arbitrator or court, as the case may be, referred to above finds that any restriction contained in this Section 7 or any remedy provided herein is unenforceable, and such restriction or remedy cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained therein or the availability of any other remedy.

8. No Public Statements or Disparagement. Employee agrees that Employee will not make any public statements regarding the Employee's employment or the termination of Employee's employment (for whatever reason) that are not agreed to by the Company. The Employee agrees that Employee will not make any public statement that would libel, slander, or disparage the Company or any of its respective past or present officers, directors, employees or agents. Notwithstanding this Section, nothing contained herein shall limit or impair the ability of any party to provide truthful testimony in response to any validly issued subpoena.

9. Miscellaneous.

(a) Governing Law. This Agreement shall be governed in all respects, including validity, interpretation and effect, by the internal laws of the State of Michigan.

(b) Modifications and Amendments. This Agreement may not be modified, changed or supplemented, nor may any obligations hereunder be waived, except by written instrument signed by the party to be charged.

(c) Assignability. This Agreement is personal to the Employee. The Employee may not assign this Agreement or any of the rights and/or obligations under this Agreement to any other person. The Company may, without the Employee's consent, assign this Agreement to any affiliate of the Company, to any successor in interest to the business of any of the Company, or to a purchaser of all or substantially all of the assets of any of the Company.

(d) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations between the parties with respect to the subject matter of this Agreement.

(e) Severability. Should a court or other body of competent jurisdiction determine that any provision of this Agreement is excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and all other provisions of this Agreement shall be deemed valid and enforceable to the maximum extent possible.

(f) Notices. Any notice, demand or other communication required, permitted or desired to be given hereunder shall be in writing and shall be deemed effectively given upon personal delivery, facsimile transmission (with confirmation of receipt), delivery by reputable overnight delivery service (delivery, postage or freight charges prepaid) or on the fourth day following deposit in the United States mail (if sent by certified or registered mail, return receipt requested, delivery, postage or freight charges prepaid), in each case duly addressed to the Company at its headquarters or to Employee at his address of record listed with the Company for payroll purposes.

(g) Headings. The section headings herein are intended for reference and shall not by themselves determine the construction or interpretation of this Agreement.

(h) Construction. This Agreement shall be construed without regard to any presumption or rule requiring construction against the party causing such instrument or any

portion thereof to be drafted. No rule of strict construction will be applied for or against either of the parties hereto.

(i) Counterparts. This Agreement may be executed in counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

(j) Waiver. The waiver by the Company of a breach of any provision of this Agreement by the Employee shall not operate or be construed as a waiver of any subsequent breach by the Employee.

(k) Withholding. The Company shall have the right to deduct from any amounts payable under this Agreement an amount necessary to satisfy its obligation, under applicable laws, to withhold income or other taxes of the Employee attributable to payments made hereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement effective as of the date first written above.

InfuSystem Holdings, Inc., a Delaware corporation

By: /s/ Steven Watkins

Name: Steven Watkins

Title: Chief Executive Officer

/s/ Sean Whelan

Sean Whelan

Employee

EMPLOYMENT AGREEMENT

This Employment Agreement (this “**Agreement**”) is entered into and effective as of November 12, 2007 (the “Effective Date”), by and between InfuSystem Holdings, Inc., a Delaware corporation (the “**Company**”), and Janet Skonieczny (the “**Employee**”).

WHEREAS, the Employee is presently employed by the Company; and

WHEREAS, the Company has determined to continue to employ the Employee, and the Employee wishes to continue to be employed by the Company pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the promises and the mutual covenants set forth herein, the parties hereto agree as follows:

1. Employment. Employee’s employment with the Company will be at-will, and Employee and the Company may each terminate Employee’s employment at any time for any reason or no reason without payment, penalty or further obligation except as set forth in Section 5(c) hereof. While employed by the Company (the “**Employment Period**”), Employee shall use her best efforts and devote her entire business time and attention to advancement of the business and welfare of the Company and its affiliates, and to the performance of Employee’s duties under this Agreement and the duties reasonably assigned to her by the Company hereafter. During the Employment Period, Employee shall not engage in any other employment or business activity without the express prior written consent of the Company.

2. Position and Duties. Employee shall serve as the Vice President, Operations of the Company, with such duties and responsibilities as are customarily assigned to such position and such other duties and responsibilities as the Company’s Board of Directors may from time to time assign.

3. Compensation.

(a) Base Salary. During the Employment Period, the Company shall pay Employee an annual compensation of US \$200,000 per year (the “**Annual Base Salary**”) for all services rendered to the Company by Employee, payable in accordance with the Company’s regular payroll policies for similarly situated executives, subject, however, to withholding deductions, including without limitation social security taxes and applicable federal, state and local income and other employment taxes. The Company shall annually review the Annual Base Salary and based on that review, the Company may, in its sole discretion, increase the Employee’s Annual Base Salary in an amount greater than the figure state above.

(b) Incentive Compensation.

(i) Annual Cash Bonus. For each calendar year of the Company that ends during the Employment Period, the Employee will have the opportunity to earn a cash bonus (the “**Bonus Award**”), based on satisfaction of pre-established performance goals for each calendar year established in the sole discretion of the Company. The Bonus Award (subject to the attainment of performance goals) in effect as of the Effective Date is US \$150,000 per year; provided, however, the Company, in its sole discretion,

may increase the amount of the Bonus Award the Employee may earn during a calendar year; but in no event, shall such increased Bonus Award exceed US \$ 200,000. The Bonus Award shall be paid 60 days after the end of the applicable calendar year; provided, however, if it is administratively impracticable to make the payment by such date, the payment shall be made as soon as reasonably practicable thereafter.

(ii) Long-Term Incentive Awards. On or as soon as practicable after the closing date of the transactions contemplated by the Stock Purchase Agreement among I-Flow Corporation, the Company, InfuSystem, Inc., and Iceland Acquisition Subsidiary, Inc., provided Employee is then still employed by the Company, and subject to approval of the Company's 2007 Incentive Compensation Plan by the shareholders of the Company, the Employee will receive a grant of 100,000 shares of common stock of the Company ("**Restricted Shares**"), of which 25% of such total shares shall immediately vest on the date of grant, and 25% of such total shares shall vest on each of the next three anniversaries of the grant date through which the Employee remains employed. These Restricted Shares will be awarded pursuant to, and subject to, the Company's 2007 Incentive Compensation Plan, and shall be evidenced by and subject to the terms and conditions to be set forth in a restricted stock agreement.

4. Vacation, Participation in Benefit Plans, and Expenses.

(a) Employee shall be entitled to such number of days of paid vacation each year as is consistent with the Company's practices, policies and programs for executives.

(b) During the Employment Period, the Employee shall be eligible to participate in, and receive benefits under, those benefit plans and arrangements provided by the Company to its similarly situated executives, subject to, and on a basis consistent with, the terms, conditions and overall administration of such plans and arrangements. The Company reserves the right to modify or terminate its benefit plans and arrangements generally for employees or any group of employees.

(c) During the Employment Period, the Company, at its option, shall either (i) continue to pay the premiums currently paid by the Company on the long-term care insurance policy and disability insurance policy to which the Employee is currently covered or (ii) pay the premiums on a long-term care insurance policy and a disability insurance policy with comparable benefits to which the Employee would be the insured.

(d) During the Employment Period, the Employee shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Employee in carrying out the Employee's duties under this Agreement, provided that the Employee complies with the policies, practices and procedures of the Company for submission of expense reports, receipts or other similar documentation of such expenses.

(e) During the Employment Period, the Company shall pay the Employee a monthly automobile allowance of US \$800 and reimburse the Employee for all fuel expenses with respect to such automobile.

(f) To assist the Employee in rendering her duties in a more efficient and productive manner, the Company shall provide the Employee (at the Company's sole cost and expense) digital mobile and home telephones (and related accounts) for the Employee's exclusive use throughout the Employment Period.

(g) During the Employment Period, the Employee shall be entitled to such other benefits as approved by the Board of Directors of the Company.

5. Termination of Employment.

(a) Death or Disability. The Employee's employment shall terminate automatically upon the Employee's death during the Employment Period. The Company shall, to the full extent permitted by law, be entitled to terminate Employee's employment because of the Employee's Disability (as herein defined) during the Employment Period. For purposes hereof, the term "**Disability**" shall mean the inability of Employee to reasonably perform her duties or responsibilities to the Company as a result of mental or physical ailment of incapacity, for an aggregate period of ninety (90) calendar days during the Employment Period (whether or not consecutive).

(b) Cause. For purposes hereof, the term "**Cause**" shall include, but is not limited to, any one or more of the following events:

(i) Employee's repeated failure or inability to perform the duties and responsibilities set forth under this Agreement or assigned from time to time by the Company;

(ii) Employee's failure to comply with all material applicable laws and regulations in performing the duties and responsibilities set forth under this Agreement or assigned from time to time by the Company;

(iii) Employee's breach of any of Employee's legal duties to the Company, rules applicable to all Company employees generally or contractual obligations to the Company set forth in this Agreement or any other agreement between the Company and Employee;

(iv) An act or acts of fraud, misappropriation, or embezzlement on the Employee's part which result in or are intended to result in the Employee's or another's personal enrichment at the expense of the Company or its subsidiaries, affiliates, employees, agents or customers;

(v) Willful misconduct or gross negligence that has a material adverse effect on the Company or its subsidiaries or affiliates;

(vi) Employee's conviction of a felony or of any crime involving moral turpitude or dishonesty (or entering a plea of nolo contendere with respect to such crime); and

(vii) Any other activity which would constitute grounds for termination for cause by the Company or its subsidiaries or affiliates.

For purposes of this Agreement, any good faith interpretation by the Company of the foregoing definition of “Cause” shall be conclusive on the Employee.

(c) Termination Pay.

(i) If Employee’s employment with the Company is terminated (A) by Employee for any reason, (B) by the Company for Cause, or (C) by the Company upon Employee’s Disability or as a result of Employee’s death, then Employee (or Employee’s estate) shall be entitled to receive all Annual Base Salary, vacation, benefits and other compensation that has accrued but is unpaid as of the date of termination, including any Bonus Award earned in respect of the immediately preceding calendar year but not yet paid as of the date of termination, and no other compensation. Any payments under this provision (except for any Bonus Award) shall be made within 30 days after the date on which employment terminates. Any Bonus Award payable under this provision shall be made in accordance with Section 3(b)(i) of this Agreement.

(ii) If Employee’s employment with the Company is terminated by the Company for any reason other than as set forth in Section 5(c)(i) above, then contingent upon execution and delivery to the Company of an unconditional general release, in form satisfactory to the Company, of all claims against the Company and any of its officers, director or affiliates arising from or in connection with this Agreement or Employee’s employment with the Company, Employee shall be entitled to receive: (1) all Annual Base Salary, vacation, benefits and other compensation that has accrued but is unpaid as of the date of termination, (2) any Bonus Award earned in respect of the immediately preceding calendar year but not yet paid as of the date of termination, (3) pro-rata vesting of the Restricted Shares granted pursuant to Section 3(b)(ii) of this Agreement based upon the services performed by the Employee in the year of termination, (4) a pro-rata Bonus Award for the year of termination, calculated assuming achievement of the target level of performance within the performance range established with respect to such award and basing such pro-rata portion upon the portion of the award period that has elapsed as of the date of termination, and (5) for a period of two years following the date of termination, continued payment of Annual Base Salary (the “Severance Benefit”). Employee’s right to such Severance Benefit shall be conditioned upon Employee’s continuing compliance with the restrictive covenants set forth in Section 7 of this Agreement. If Employee fails to comply with the restrictive covenants set forth in Section 7 of this Agreement, the Employee shall forfeit the Severance Benefit. Any payments under subsection (1) of this Section 5(c)(ii) shall be made within 30 days after the date on which employment terminates; any payments under subsections (2) and (4) of this Section 5(c)(ii) shall be made in accordance with Section 3(b)(i) of this Agreement; and any payments under subsection (5) of this Section 5(c)(ii) shall be made in accordance with the Company’s regular payroll policies for similarly situated executives.

6. Change in Control. Upon a Change in Control as herein defined, (i) all the Restricted Shares granted pursuant to Section 3(b)(ii)(1) of this Agreement shall immediately vest and all restrictions with respect thereto shall lapse.

For the purposes hereof, the term “**Change in Control**” means the following and shall be deemed to occur if and when: (i) any person (as that term is used in Sections 13(d) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) becomes the beneficial

owner (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended) of 50% or more of either the then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors unless such person is already a beneficial owner on the date of this Agreement, or (ii) individuals who, as of the date hereof, constitute the Board of Directors of the Company ("**Incumbent Board**") cease for any reason to constitute at least a majority of the Board of Directors of the Company, provided that any individual who becomes a director after the date hereof whose election, or nomination for election by the Company's shareholders, is approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered to be a member of the Incumbent Board. Notwithstanding anything contained herein to the contrary, any merger of the Company with InfuSystem, Inc. or a subsidiary or affiliate of InfuSystem, Inc. shall not be deemed to be a Change in Control.

7. Noncompetition/Confidentiality.

(a) The Employee agrees that from the commencement of the Employment Period until the date that is two years after the date of termination of employment (and, as to clause (ii) of this Section 7, at any time thereafter) Employee will not, directly or indirectly, do or suffer any of the following:

(i) Engage in a Competitive Activity. For purposes of this Agreement, the Employee shall be considered to have engaged in a Competitive Activity if the Employee: (i) directly or indirectly, or by action in concert with others, solicits, induces, or influences, or attempts to solicit, induce or influence, any other employee or consultant of the Company or any direct or indirect subsidiary to terminate their employment or other business arrangements with Company or any direct or indirect subsidiary, or to engage in any Competing Business (as hereinafter defined) or hires, employs, engages (including as a consultant or partner) or otherwise enters into a Competing Business with any such person, (ii) solicits any of the customers of the Company or any direct or indirect subsidiary (or any of their employees), induces such customers or their employees to reduce their volume of business with, terminate their relationship with or otherwise adversely affect their relationship with, Company or any direct or indirect subsidiary, (iii) does business with any person who was a customer of the Company or any direct or indirect subsidiary during the twelve-month period prior to the Employee's date of termination if such business would constitute a Competing Business, (iv) directly or indirectly engages in, represents in any way, or is connected with, any Competing Business, directly competing with the business of the Company or any direct or indirect subsidiary, whether such engagement shall be as an officer, director, owner, employee, partner, consultant, affiliate or other participant in any Competing Business or (v) assists others in engaging in any Competing Business in the manner described in the foregoing clause (iv). An activity shall be deemed to be a "Competing Business" if it competes with any business conducted by the Company or any of its current or future affiliates. However, this provision shall not be enforceable and Employee shall be permitted to engage in Competitive Activity if Employee's termination of employment is without cause as defined in Section 5. The Company may elect, in its sole discretion, to continue to pay Employee all compensation set forth in Section 3 for up to one year from the date of Employee's termination of employment without cause and, in such case, Employee shall be prohibited from engaging in Competitive Activity during such time period.

(ii) Disclose Confidential Information to any third party without the prior written consent of the Company or use such Confidential Information other than in connection with the discharge of any duties to the Company in the Employee's capacity as an officer, director, employee or agent of the Company. As used herein "Confidential Information" means all information, knowledge, systems or data relating to the business, operations, clients or finances of the Company or its subsidiaries, except for information which at the time of disclosure was in the public domain unless such information was placed into the public domain in violation of any non-disclosure obligation, including, without limitation, this Section 7.

(b) The Employee expressly agrees and understands that the remedy at law for any breach by her of any of the provisions of this Section 7 will be inadequate and that damages flowing from such breach are not readily susceptible to being measured in monetary terms. Accordingly, it is acknowledged that upon adequate proof of the Employee's violation of any legally enforceable provision of Section 7, the Company shall be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach. Nothing in Section 7 shall be deemed to limit the Company's remedies at law or in equity for any breach by the Employee of any of the provisions of Section 7 which may be pursued or availed of by the Company.

(c) In the event the Employee shall violate any legally enforceable provision of Section 7 as to which there is a specific time period during which she is prohibited from taking certain actions or from engaging in certain activities, as set forth in such provision, then, such violation shall toll the running of such time period from the date of such violation until such violation shall cease; provided, however, the Company shall seek appropriate remedies in a reasonably prompt manner after discovery of a violation by the Employee.

(d) The Employee has carefully considered the nature and extent of the restrictions upon her and the rights and remedies conferred upon the Company under Section 7, and hereby acknowledges and agrees that the same are reasonable in time and territory, are designed to eliminate competition which otherwise would be unfair to the Company, are designed to not stifle the inherent skill and experience of the Employee, would not operate as a bar to the Employee's sole means of support, are fully required to protect the legitimate interests of the Company and do not confer a benefit upon the Company disproportionate to the detriment to the Employee.

(e) It is expressly understood and agreed that although the parties consider the restrictions contained in this Section 7 hereof to be reasonable for the purpose of preserving the goodwill, proprietary rights and going concern value of the Company, if a final determination is made by an arbitrator or a court, as the case may be, having jurisdiction that any of the covenants contained in Section 7, or any part thereof, is unenforceable, the provisions of this Section 7 shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such other extent as such arbitrator or court, as the case may be, may determine or indicate to be reasonable. Alternatively, if the arbitrator or court, as the case may be, referred to above finds that any restriction contained in this Section 7 or any remedy provided herein is unenforceable, and such restriction or remedy cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained therein or the availability of any other remedy.

8. No Public Statements or Disparagement. Employee agrees that Employee will not make any public statements regarding the Employee's employment or the termination of Employee's employment (for whatever reason) that are not agreed to by the Company. The Employee agrees that Employee will not make any public statement that would libel, slander, or disparage the Company or any of its respective past or present officers, directors, employees or agents. Notwithstanding this Section, nothing contained herein shall limit or impair the ability of any party to provide truthful testimony in response to any validly issued subpoena.

9. Miscellaneous.

(a) Governing Law. This Agreement shall be governed in all respects, including validity, interpretation and effect, by the internal laws of the State of Michigan.

(b) Modifications and Amendments. This Agreement may not be modified, changed or supplemented, nor may any obligations hereunder be waived, except by written instrument signed by the party to be charged.

(c) Assignability. This Agreement is personal to the Employee. The Employee may not assign this Agreement or any of the rights and/or obligations under this Agreement to any other person. The Company may, without the Employee's consent, assign this Agreement to any affiliate of the Company, to any successor in interest to the business of any of the Company, or to a purchaser of all or substantially all of the assets of any of the Company.

(d) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations between the parties with respect to the subject matter of this Agreement.

(e) Severability. Should a court or other body of competent jurisdiction determine that any provision of this Agreement is excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and all other provisions of this Agreement shall be deemed valid and enforceable to the maximum extent possible.

(f) Notices. Any notice, demand or other communication required, permitted or desired to be given hereunder shall be in writing and shall be deemed effectively given upon personal delivery, facsimile transmission (with confirmation of receipt), delivery by reputable overnight delivery service (delivery, postage or freight charges prepaid) or on the fourth day following deposit in the United States mail (if sent by certified or registered mail, return receipt requested, delivery, postage or freight charges prepaid), in each case duly addressed to the Company at its headquarters or to Employee at her address of record listed with the Company for payroll purposes.

(g) Headings. The section headings herein are intended for reference and shall not by themselves determine the construction or interpretation of this Agreement.

(h) Construction. This Agreement shall be construed without regard to any presumption or rule requiring construction against the party causing such instrument or any portion thereof to be drafted. No rule of strict construction will be applied for or against either of the parties hereto.

(i) Counterparts. This Agreement may be executed in counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

(j) Waiver. The waiver by the Company of a breach of any provision of this Agreement by the Employee shall not operate or be construed as a waiver of any subsequent breach by the Employee.

(k) Withholding. The Company shall have the right to deduct from any amounts payable under this Agreement an amount necessary to satisfy its obligation, under applicable laws, to withhold income or other taxes of the Employee attributable to payments made hereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement effective as of the date first written above.

InfuSystem Holdings, Inc. a Delaware corporation

By: /s/ Steven Watkins

Name: Steven Watkins

Title: Chief Executive Officer

/s/ Janet Skonieczny

Janet Skonieczny

Employee