

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## SCHEDULE TO

TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1)  
OF THE SECURITIES EXCHANGE ACT OF 1934

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# INFUSYSTEM HOLDINGS, INC.

(Name of Subject Company (Issuer))

# INFUSYSTEM HOLDINGS, INC.

(Name of Filing Person (Identifying Status as Offeror, Issuer or Other Person))

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Warrants to Purchase Common Stock  
Having an Exercise Price of \$5.00 per Share  
(Title of Classes of Securities)

45685K110

(CUSIP Number of Class of Securities)

Sean McDevitt

Chief Executive Officer

31700 Research Park Drive

Madison Heights, Michigan 48071

(248) 291-1210

(Name, Address and Telephone Number of Person Authorized  
to Receive Notices and Communications on Behalf of Filing Person)

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*Copy to:*

Morgan, Lewis & Bockius LLP

101 Park Avenue

New York, New York 10178

(212) 309-6843

Attn: Howard Kenny

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## CALCULATION OF FILING FEE

Transaction Valuation\*

**\$1,966,060.26**

Amount of Filing Fee\*\*

**\$140.18**

\* This valuation assumes the exchange of 35,108,219 warrants to purchase common stock of InfuSystem Holdings, Inc. ("the Company"), for common shares of the Company's common stock, par value \$0.0001 per share. Estimated for purposes of calculating the amount of the filing fee only, this amount is based on the average of the bid and ask price of the warrants of \$0.056 as of February 8, 2010 as quoted on the OTC Bulletin Board under the symbol "INHIW.OB".

\*\* The amount of the filing fee was calculated in accordance with the Securities Exchange Act of 1934, as amended, and equals \$71.30 for each \$1,000,000 of the value of the transaction.

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

.. Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third party tender offer subject to Rule 14d 1.
- issuer tender offer subject to Rule 13e 4.
- going private transaction subject to Rule 13e 3.

“ amendment to Schedule 13D under Rule 13d 2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: ”

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## INTRODUCTORY STATEMENT

This issuer tender offer statement on Schedule TO (this “Schedule TO”) is being filed by InfuSystem Holdings, Inc., a Delaware corporation (the “Company”), pursuant to Rule 13e-4 of the Securities Exchange Act of 1934, as amended, in connection with its offer to exchange (the “Exchange Offer”) any and all warrants to purchase common stock exercisable at \$5.00 per share (the “Warrants”) for shares of the Company’s common stock, par value \$0.0001 per share (“Common Stock”), upon the terms and subject to the conditions set forth in the Company’s offer to exchange, dated February 16, 2010 (the “Exchange Offer Statement”), and in the related Exchange Offer materials which are filed as Exhibits (a)(1)(A) to (a)(1)(C) to this Schedule TO (which the Exchange Offer and related Exchange Offer materials, as amended or supplemented from time to time, collectively constitute the “Offer Materials”).

This is a one-time offer and only valid during the period the Exchange Offer remains open. Each Warrant is currently exercisable into one (1) share of Common Stock for an exercise price of \$5.00 for one of the following options:

- One (1) share of Common Stock for every thirty-five (35) Warrants tendered; or
- One (1) share of Common Stock for every twenty-five (25) Warrants tendered, provided the holder agrees to be subject to the lock-up provisions described in the Exchange Offer Statement, which provide that the holder may not transfer the shares of Common Stock received for six months following the expiration of the Exchange Offer without the Company’s consent.

The Exchange Offer expires at 5:00 p.m., Eastern Standard Time, on March 17, 2010, which date we refer to as the expiration date, unless earlier terminated or extended by us.

The information set forth in the Exchange Offer and the accompanying Letter of Transmittal is hereby expressly incorporated herein by reference in response to all applicable items required in this Schedule TO. This Schedule TO is intended to satisfy the disclosure requirements of Rule 13e-4(c)(2) under the Securities Exchange Act of 1934, as amended.

### **Item 1. Summary Term Sheet.**

The information set forth under the captions entitled “Summary Term Sheet” in the Exchange Offer, attached hereto as Exhibit (a)(1)(A), is incorporated herein by reference.

### **Item 2. Subject Company Information.**

(a) The name of the issuer is InfuSystem Holdings, Inc., a Delaware corporation (the “Company”). The address of its principal executive offices is 31700 Research Park Drive, Madison Heights, Michigan 48071. The telephone number of its principal executive offices is (248) 291-1210.

(b) This Tender Offer Statement on Schedule TO relates an Exchange Offer by the Company to holders of all currently outstanding warrants to purchase common stock exercisable at \$5.00 per share (“Warrants”) to voluntarily exchange any or all of their warrants for shares of the Company’s common stock (“Common Stock”) upon the terms and subject to the conditions described in the Exchange Offer attached hereto as Exhibits (a)(1)(A). As of February 11, 2010, there were 35,108,219 outstanding Warrants eligible to participate in the Exchange Offer, each Warrant currently exercisable into one Common Stock for an exercise price of \$5.00 per share. The information set forth in the Exchange Offer under the captions entitled “The Exchange Offer—Eligibility” and “The Exchange Offer—Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Warrants and our Common Stock” is incorporated herein by reference.

(c) The information set forth in the Exchange Offer under the captions entitled “Price Range of Warrants, Common Stock and Units” is incorporated herein by reference. The Warrants are currently quoted on the OTC

Bulletin Board under the symbol "INHIW.OB." The last reported sale for Warrants was on February 5, 2010 and the sales price was \$0.06. The Company's Common Stock is quoted on the OTC Bulletin Board under the symbol "INHI.OB." The last reported sales price for a Common Stock was \$2.30 on February 11, 2010. Units, comprised of one share of Common Stock and two Warrants, are currently quoted on the OTC bulletin board under the symbol INHIU.OB. The last reported sale for Units was on February 3, 2010 and the sale price was \$2.35.

**Item 3. Identity and Background of Filing Person.**

(a) The Company is the filing person. The information set forth under Item 2(a) above is incorporated herein by reference. The Company's Directors and Executive Officers as of February 11, 2010 are listed in the table below. The address of each individual listed below is 31700 Research Park Drive, Madison Heights, Michigan 48071.

<u>Name</u>	<u>Title</u>
Sean McDevitt	Chief Executive Officer and Chairman of the Board
Sean Whelan	Chief Financial Officer
John Voris	Director
Pat LaVecchia	Director
Wayne Vetter	Director
Jean-Pierre Millon	Director
David Dreyer	Director
James Freddo	Director

**Item 4. Terms of the Transaction.**

(a) The information set forth in the Exchange Offer under the captions entitled "The Exchange Offer—Purpose of the Offer", "The Exchange Offer—Eligibility", "The Exchange Offer—Exchange of Warrants", "The Exchange Offer—Procedures for Tendering Warrants", "The Exchange Offer—Acceptance of Warrants; Issuance of Common Stock; Payment of Offer Payments", "The Exchange Offer—Extension of Offer; Termination; Amendment", "The Exchange Offer—Source and Amount of Consideration; Description of Warrants" and "Certain Tax Consequences of the Offer" is incorporated herein by reference.

(b) The information set forth in the Exchange Offer under the captions entitled "The Exchange Offer—Director Participation" and "The Exchange Offer—Interests of Directors and Officers; Transactions and Arrangements Concerning the Warrants and our Common Stock" is incorporated herein by reference.

**Item 5. Past Contacts, Transactions, Negotiations and Agreements.**

(e) The Company directors and executive officers who own an aggregate of 1,382,145 Warrants may participate in the Exchange Offer but are not obligated to do so. Each Director has informed the Company of his intent to participate in the Exchange Offer, if at all, only if holders of more than 50% of the public Warrants have tendered their Warrants. Any Director who participates in the Exchange Offer will agree to provide the Company with a lock-up agreement containing provisions comparable to the lock-up provisions described in the Exchange Offer under the caption entities "The Exchange Offer—Lock-Up Provisions", but applicable for a period of one year from the expiration of the Exchange Offer. Any Director participating in the Exchange Offer will receive certificated shares of Common Stock and the lock-up restrictions will be described in a legend printed on such certificates.

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In October 2007 the Company entered into an Amended and Restated Registration Rights Agreement with Wayne Yetter, John Voris, Jean-Pierre Millon, Erin Enright, Sean McDevitt, Pat LaVecchia and Great Point Partners LLC (“Great Point”, collectively the “Insiders”) which provides registration rights with respect to all the outstanding securities of the Company held by the Insiders.

**Item 6. Purposes of the Transaction and Plans or Proposals.**

(a) The information set forth in the Exchange Offer under the captions entitled “The Exchange Offer—Purpose of the Offer” is incorporated herein by reference. All Warrants tendered pursuant to the Exchange Offer will be cancelled.

(b) The information set forth in the Exchange Offer under the captions entitled “The Exchange Offer—Acceptance of Warrants; Issuance of Common Stock; Payment of Offer Payments” and “The Exchange Offer—Source and Amount of Consideration; Description of Warrants” is incorporated herein by reference.

(c) Not applicable.

**Item 7. Source and Amount of Funds or Other Consideration.**

(a) The information set forth in the Exchange Offer under “The Exchange Offer—Source and Amount of Consideration; Description of Warrants” and “The Exchange Offer—Fees and Expenses” is incorporated herein by reference.

(b) Not applicable.

(d) Not applicable.

**Item 8. Interest in Securities of the Subject Company.**

(a) The information set forth in the Exchange Offer under “The Exchange Offer—Interests of Directors and Officers; Transactions and Arrangements Concerning the Warrants and our Common Stock” is incorporated herein by reference. The information set forth in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2008 filed with the SEC on March 3, 2009 under the caption entitled “Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” is incorporated by reference in the Exchange Offer which is incorporated herein by reference.

(b) The information set forth in the Exchange Offer under the captions entitled “The Exchange Offer—Interests of Directors and Officers; Transactions and Arrangements Concerning the Warrants and our Common Stock” is incorporated herein by reference.

**Item 9. Person/Assets, Retained, Employed, Compensated or Used.**

(a) We have not retained any person for the purpose of soliciting eligible holders of Warrants to tender their Warrants pursuant to the Offer.

**Item 10. Financial Statements.**

(a)

- (1) The consolidated balance sheets of the Company as of December 31, 2008 and 2007 and the related consolidated statements of income, stockholders’ equity, and cash flows for the years ended December 31, 2008 and 2007 are incorporated by reference in the Exchange Offer under the caption entitled “Available Information/Incorporation by Reference” which is incorporated herein by reference.

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- (2) The consolidated balance sheet of the Company at September 30, 2009 in the Quarterly Reports for the quarter ended September 30, 2009 and the related consolidated statements of income, and cash flows for the three and nine months ended September 30, 2009 and 2008 are incorporated by reference in the Exchange Offer under the caption entitled “Available Information/Incorporation by Reference” which is incorporated herein by reference.
  - (3) Not applicable.
  - (4) Not applicable.

(b) The information set forth in the Exchange Offer under the caption “Pro Forma Financial Information” and “Capitalization” is incorporated herein by reference.

**Item 11. Additional Information.**

(a) Not applicable.

(b) The information set forth in the Exchange Offer and the accompanying Letter of Transmittal is incorporated herein by reference.

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**Item 12. Exhibits.**

<b>Exhibit No.</b>	<b>Description</b>
(a)(1)(A)	Exchange Offer dated February 16, 2010.
(a)(1)(B)	Form of Letter of Transmittal.
(a)(1)(C)	Form of Notice of Withdrawal.
(a)(5)(A)	Form of Director Lock-Up Agreement
(a)(5)(B)	Letter to Brokers, Dealers, Commercial Banks, Trust Companies and other Nominees
(a)(5)(C)	Letter to Clients of Brokers, Dealers, Commercial Banks, Trust Companies and other Nominees
(a)(5)(D)	Press Release, dated February 16, 2010.

**Item 13. Information Required by Schedule 13E-3.**

Not applicable.



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## INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
(a)(1)(A)	Exchange Offer dated February 16, 2010.
(a)(1)(B)	Form of Letter of Transmittal.
(a)(1)(C)	Form of Notice of Withdrawal.
(a)(5)(A)	Form of Director Lock-Up Agreement
(a)(5)(B)	Letter to Brokers, Dealers, Commercial Banks, Trust Companies and other Nominees
(a)(5)(C)	Letter to Clients of Brokers, Dealers, Commercial Banks, Trust Companies and other Nominees
(a)(5)(D)	Press Release, dated February 16, 2010.

**OFFER TO EXCHANGE  
COMMON STOCK  
FOR ANY AND ALL OUTSTANDING  
WARRANTS EXERCISABLE FOR COMMON STOCK EXPIRING APRIL 11, 2011 WITH AN EXERCISE PRICE OF  
\$5.00 PER SHARE (CUSIP 45685K110)  
OF  
INFUSYSTEM HOLDINGS, INC.  
THE EXCHANGE OFFER EXPIRES AT 5:00 P.M., EASTERN STANDARD TIME, ON MARCH 17, 2010,  
UNLESS WE EXTEND THE DATE**

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InfuSystem Holdings, Inc. is offering to exchange (the “Exchange Offer”), upon the terms and subject to the conditions set forth in this Offer to Exchange Statement (the “Exchange Offer Statement”), shares of our common stock (“Common Stock”) for any or all of our outstanding warrants to purchase Common Stock exercisable at \$5.00 per share (the “Warrants”). This is a one-time offer and only valid during the period the Exchange Offer remains open. Each Warrant is currently exercisable into one (1) Common Stock for an exercise price of \$5.00. If you accept the offer and elect to exchange your Warrants, you will be entitled to elect to receive either:

- One (1) share of Common Stock for every thirty-five (35) Warrants tendered (“Unrestricted Option”); or
- One (1) share of Common Stock for every twenty-five (25) Warrants tendered, provided you agree to be subject to the lock-up provisions described in this Exchange Offer Statement, which provide that you may not transfer the shares of Common Stock received for six months following the expiration of this Exchange Offer without our consent (“Lock-Up Option”).

If you properly tender your outstanding Warrants on or prior to March 17, 2010 (the “Expiration Date”) and elect to exchange your Warrants, you will be issued Common Stock promptly following expiration of the Exchange Offer. No fractional shares of Common Stock will be issued. If your election results in a fractional shares of Common Stock to be issued, you will receive cash equal to the market value of such fractional share based on the closing price of our Common Stock on the day immediately preceding the Expiration Date.

Our Board of Directors (“Board”) approved the Exchange Offer. Certain directors hold warrants and may participate in the Exchange Offer. See “The Exchange Offer-Director Participation.”

The Warrants are currently quoted on the OTC Bulletin Board under the symbol “INHIW.OB.” The last reported sale for Warrants was on February 5, 2010 and the sales price was \$0.06. Our Common Stock is quoted on the OTC Bulletin Board under the symbol “INHIOB.” The last reported sales price for a share of Common Stock was \$2.30 on February 11, 2010. Units, comprised of one share of Common Stock and two Warrants, are currently quoted on the OTC bulletin board under the symbol INHIU.OB. The last reported sale for Units was on February 3, 2010 and the sales price was \$2.35. **If you hold Units and wish to participate in the Exchange Offer, you must first convert your Units into separate Warrants and Common Stock.**

The shares of Common Stock to be issued pursuant to the Exchange Offer are being offered and issued pursuant to the exemption from registration under the Securities Act of 1933 (the “Securities Act”) provided by Section 3(a)(9) of the Securities Act. Shares of Common Stock issued in the Exchange Offer in exchange for Warrants that are freely tradable and not restricted securities will similarly be freely tradable and not restricted. Shares of Common Stock issued in exchange for Warrants that are “restricted securities” within the meaning of the Securities Act will themselves be restricted securities.

**Please read “[Risk Factors](#)” beginning on page 6 for a discussion of the risks that you should consider prior to tendering your outstanding Warrants in the Exchange Offer.**

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**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THE EXCHANGE OFFER IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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The date of this Exchange Offer Statement is February 16, 2010.

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**This Exchange Offer Statement incorporates by reference important business and financial information about us from our public filings. Copies of these filings are available to you without charge upon written or oral request to us at: 31700 Research Park Drive, Madison Heights, Michigan 48071, (248) 291-1210, Attention: Secretary. To obtain timely delivery, you should request the information no later than March 10, 2010, which is five business days before the Expiration Date of the Exchange Offer.**

In making your decision to participate in the Exchange Offer, you should rely only on the information contained in this Exchange Offer Statement. We have not authorized anyone to provide you with any other information. If you received any unauthorized information, you should not rely on it. We are not making an offer to sell these securities in any state or jurisdiction where the offer is not permitted. You should not assume that the information contained in this Exchange Offer Statement, or the documents incorporated by reference into this Exchange Offer Statement, is accurate as of any date other than the date on the front cover of this Exchange Offer Statement or the date of such document incorporated by reference, as the case may be.

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**SUMMARY TERM SHEET**

- Exchange Offer by InfuSystem Holdings, Inc. for any and all of the 35,108,219 outstanding Warrants (CUSIP 45685K110) to purchase shares of its Common Stock.
- Holders of Warrants may exchange their Warrants for either:
  - One (1) share of Common Stock for every thirty-five (35) Warrants tendered; or
  - One (1) share of Common Stock for every twenty-five (25) Warrants tendered, provided you agree to be subject to the lock-up provisions described in this Exchange Offer Statement, which provide that you may not transfer the shares of Common Stock received for six months following the expiration of this Exchange Offer without our consent.
- The Exchange Offer will expire at 5:00 P.M., Eastern Standard Time, on March 17, 2010, unless extended.
- The Common Stock issued pursuant to the Exchange Offer will be exempt from registration under Section 3(a)(9) of the Securities Act of 1933.
- See “The Exchange Offer”.
- Please review this Exchange Offer Statement in its entirety.

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## CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Exchange Offer Statement includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical facts contained in this Exchange Offer Statement, including statements regarding the future financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “expect,” and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements largely on current expectations and projections about future events and financial trends that we believe may affect financial condition, results of operations, business strategy and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including, without limitation, those described in “Risk Factors” and elsewhere in this Exchange Offer Statement, including, among other things:

- dependence on our Medicare Supplier Number;
- changes in third-party reimbursement rates;
- availability of chemotherapy drugs used in our infusion pump systems;
- physician’s acceptance of infusion pump therapy over oral medications;
- growth strategy, involving entry into new fields of infusion-based therapy;
- the current global financial situation;
- industry competition; and
- dependence upon our suppliers.

These risks are not exhaustive. Other sections of this Exchange Offer Statement include additional factors which could adversely impact our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

You should not rely upon forward looking statements as predictions of future events. We cannot assure you that the events and circumstances reflected in the forward looking statements will be achieved or occur. Although we believe that the expectations reflected in the forward looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

## SUMMARY

*This following summary highlights selected information from the Exchange Offer Statement and in the documents incorporated by reference. Before making an investment decision, you should read this entire Exchange Offer Statement as well as the information to which we refer you and the information incorporated by reference carefully, including the section entitled “Risk Factors”, for a more detailed description of our business. In this Exchange Offer Statement, “InfuSystem,” “the Company,” “we,” “us” and “our” refer to InfuSystem Holdings, Inc.*

### The Company

We were formed as a Delaware blank check company in 2005 for the purpose of acquiring through a merger, capital stock exchange, asset acquisition or other similar business combination, one or more operating businesses in the healthcare sector. We completed our initial public offering on April 18, 2006.

On October 25, 2007, we completed the acquisition of InfuSystem, Inc. from I-Flow Corporation (“I-Flow”) pursuant to a Stock Purchase Agreement (as amended, the “Stock Purchase Agreement”) with I-Flow. Effective October 25, 2007, we changed our corporate name from “HAPC, INC.” to InfuSystem Holdings, Inc.

As part of our initial public offering, we issued 16,875,251 units (the “Units”), each Unit consisting of one share of our Common Stock and two Warrants. Accordingly, 33,750,502 Warrants were issued in our initial public offering (the “Public Warrants”). Subsequent to our initial public offering, we have issued in various private transactions an aggregate of 1,357,717 Warrants (the “Private Warrants” and collectively with the Public Warrants the “Warrants”). Private Warrants were issued to individuals who are currently members of our Board of Directors, and one former executive officer, at a price per Warrant of \$0.70. The Private Warrants have substantially the same economic terms as the Public Warrants. The Exchange Offer is being made on the same terms for Public Warrants and Private Warrants.

### Business Concept and Strategy

We are a provider of ambulatory infusion pump management services for oncologists in the United States. Ambulatory infusion pumps are small, lightweight electronic pumps designed to be worn by patients and which allow patients the freedom to move about while receiving chemotherapy treatments. The pumps are battery powered and attached to intravenous administration tubing, which is in turn attached to a reservoir or plastic cassette that contains the chemotherapy drug.

Our business model is currently focused on oncology chemotherapy infusion primarily for colorectal cancer. To our knowledge, we are the only national ambulatory infusion pump service provider focused on oncology.

We supply electronic ambulatory infusion pumps and associated disposable supply kits to physicians’ offices, infusion clinics and hospital outpatient chemotherapy clinics to be utilized by patients who receive continuous chemotherapy infusions. We obtain an assignment of insurance benefits from the patient, bill the insurance company or patient accordingly, and collect payment. We provide pump management services for the pumps and associated disposable supply kits to over 1,300 oncology practices in the United States. We retain title to the pumps during this process. In addition, we sell safety devices for cytotoxic drug transfer and administration and we rent pole-mounted or ambulatory infusion pumps for use within the oncology practice.

We purchase electronic ambulatory infusion pumps from a variety of suppliers on a non-exclusive basis. Such pumps are generic in nature and are available to our competitors. The pumps are currently used primarily for continuous infusion of chemotherapy drugs for patients with colorectal cancer.

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One aspect of our business strategy over the next one to three years is to expand into treatment of other cancers such as head, neck and gastric. There are a number of other drugs currently approved by the U.S. Food and Drug Administration (the “FDA”), as well as agents in the pharmaceutical development pipeline, which we believe could potentially be used with continuous infusion protocols for the treatment of other diseases in addition to colorectal cancer. We currently generate approximately 15% of our revenue from treatments for disease states other than colorectal cancer. Drugs or protocols currently in clinical trials may also obtain regulatory approval over the next several years. If these new drugs obtain regulatory approval for use with continuous infusion protocols, we expect the pharmaceutical companies to focus their sales and marketing forces on promoting the new drugs and protocols to physicians.

Another aspect of our business strategy over the next one to three years is to actively pursue opportunities for the expansion of our business through strategic alliances, joint ventures and/or acquisitions. We believe there are opportunities to acquire smaller, regional competitors that perform similar services to us, but do not have the national presence, network of third party payor contracts or economies of scale that we currently enjoy. We believe that the successful integration of these businesses into our operations will potentially enable us to achieve higher profit margins from them than they could achieve operating independently. We also plan to leverage our extensive networks of oncologist practices and insurers by distributing complementary products and introducing key new services.

We face risks that other competitors can provide the same services as us. Those risks are currently mitigated by our existing third party payor contracts and economies of scale, which allow for less costly purchase and management of the pumps. Additionally, we have already established a long standing relationship as a provider of pumps to over 1,300 oncology practices in the United States. We believe that there are competitive barriers to entry against other suppliers with respect to these oncology practices because we have an established national presence and third party payor contracts in place covering approximately 175 million third party payor lives, (i.e., persons enrolled in various managed care plans or commercial insurance carriers such as health maintenance organizations and preferred provider organizations) increasing the likelihood that we participate in the insurance networks of patients to whom physicians wish to refer to an ambulatory infusion pump provider. Moreover, we have an available inventory of approximately 20,000 active ambulatory infusion pumps, which may allow us to be more responsive to the needs of physicians and patients than a new market entrant. We do not perform any research and development.

**Background of Exchange Offer**

As of February 11, 2010, we have 35,108,219 Warrants outstanding, with an exercise price of \$5.00 per share of Common Stock. All Warrants will expire on April 11, 2011. The potentially dilutive effect of this significant number of outstanding Warrants creates an overhang on our Common Stock, which we believe makes it more difficult to attract new equity investors. By offering Warranholders the opportunity to exchange their outstanding Warrants for Common Stock, we hope to encourage Warranholders to exchange their Warrants immediately so that we can eliminate or reduce the Warrant overhang on our Common Stock and attract new equity investors. We also expect that the Exchange Offer will increase the number of holders of our Common Stock which we anticipate will facilitate our ability to list the Common Stock on a national securities exchange.

Our Board has approved the Exchange Offer. Because certain Directors have Warrants, and may participate in the Exchange Offers, a special ad hoc committee of our Board, comprised of Pat LaVecchia, David Dreyer and James Freddo, none of whom holds Warrants, has been created by the Board and delegated the authority to set the terms of the Exchange Offer, including in particular, the exchange ratio.

Members of our Board who hold Warrants will participate in the Exchange Offer, if at all, only if holders of fifty percent (50%) or more of the Public Warrants participate. In addition, each Director who participates in the Exchange Offer will agree to a lock-up agreement restricting his ability to sell or otherwise transfer the shares of Common Stock received in the Exchange Offer for a period of one year following the expiration of the Exchange Offer. See “The Exchange Offer—Director Participation”.

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### **Exchange Offer**

The following is a summary of the principal terms of the Exchange Offer. A more detailed description is contained in the Exchange Offer under the section entitled “The Exchange Offer.” As of the date of the Exchange Offer, there are 35,108,219 Warrants outstanding and eligible to participate in the Exchange Offer.

Exchange Offer	We are offering to holders of our 35,108,219 outstanding Warrants the opportunity to receive Common Stock in exchange for a specified number of Warrants.
Exchange Ratios	<p>If you elect to exchange your Warrants, you will be entitled to elect to receive <u>either</u>:</p> <ul style="list-style-type: none"><li>• One (1) share of Common Stock for every 35 Warrants tendered under the Unrestricted Option; or</li><li>• One (1) share of Common Stock for every 25 Warrants tendered under the Lock-Up Option.</li></ul>
Lock-Up	If you elect to exchange your Warrants under the Lock-Up Option, you may not sell or otherwise transfer the shares of Common Stock received in the Exchange Offer for six months following the expiration of this Exchange Offer without the Company’s consent.
Director Participation	Certain members of our Board hold Warrants. Such Directors will participate in the Exchange Offer, if at all, only if the holders of fifty percent (50%) or more of the Public Warrants participate. Each Director who participates in the Exchange Offer, will agree to a lock-up agreement restricting his ability to sell or otherwise transfer the shares of Common Stock received in the Exchange Offer for a period of one year following the expiration of the Exchange Offer.
Expiration Date	The Exchange Offer will expire at 5:00 P.M., Eastern Standard Time, on March 17, 2010, unless we decide to extend it.
Procedure for Accepting the Exchange Offer	<p>You may tender your Warrants by transferring the Warrants through DTC’s Automated Tender Offer Program (“ATOP”).</p> <p>Please read “The Exchange Offer—Procedures for Tendering Warrants” for further information regarding procedure for accepting the Exchange Offer.</p>
Exchange Agent	Bank of New York Mellon (“BNY Mellon”) is serving as the Exchange Agent in connection with the Exchange Offer. Deliveries should be addressed to BNY Mellon Shareowner Services at 480 Washington Boulevard Jersey City, NJ 07310, Attention: Corporate Action Department, 27th Floor, Telephone 1-800-777-3674.
Conditions to the Exchange Offer	The Exchange Offer is subject to customary conditions, which we may waive. Please read “The Exchange Offer—Conditions to the Exchange Offer” for more information regarding the conditions to the Exchange Offer.

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Withdrawal	You may withdraw any Warrants tendered in the Exchange Offer at any time prior to 5:00 P.M., Eastern Standard Time, on March 17, 2010. For further information regarding the withdrawal of tendered Warrants, please read “The Exchange Offer—Procedure for Tendering Your Warrants—Withdrawal Rights.”
Rejection or Failure to Accept the Exchange Offer	If you reject or fail to accept the Exchange Offer, your Warrants will remain outstanding until they expire or are exercised by their original terms.
Use of Proceeds	We will not receive any proceeds from this Exchange Offer. See “Use of Proceeds.”
U.S. Federal Income Tax Considerations	<p>Although certain tax aspects of participation in the Exchange Offer, and in particular of participation in the Lock-up Option, are not entirely clear, it is expected that the exchange of Warrants for Common Stock in the Exchange Offer should not be a taxable event for U.S. federal income tax purposes. However, no ruling of any governmental authority and no opinion of counsel has been issued or rendered on these matters, and the characterizations we intend to follow may be rejected, or determined to be inappropriate in the case of particular holders, by the applicable taxing authorities. Thus Warrantholders must rely on the advice of their own tax advisors in assessing these matters.</p> <p>For a general discussion of certain tax considerations, please read “Certain Tax Consequences of the Exchange Offer—Certain U.S. Federal Income Tax Consequences of the Exchange Offer.”</p>
Fees and Expenses	We will pay all of our expenses incident to the Exchange Offer.
Risk Factors	Tendering your Warrants in exchange for Common Stock involves substantial risk. Please read “Risk Factors” beginning on page 6 for a discussion of certain factors you should consider in evaluating whether to tender your Warrants in the Exchange Offer.
Section 3(a)(9) Exemption	The shares of Common Stock to be issued in the Exchange Offer will be issued pursuant to the exemption from registration under the Securities Act provided by Section 3(a)(9) thereof. Accordingly, to the extent tendered Warrants are freely tradable and unrestricted, the shares of Common Stock received in exchange will similarly be freely tradable and unrestricted, with the exception of the restrictions on transferability of shares of Common Stock issued under the Lock-Up Option. To the extent the Warrants tendered are restricted securities within the meaning of the Securities Act, the shares of Common Stock issued in exchange will also be restricted securities.

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### **RISK FACTORS**

*You should carefully consider each of the risks described below, together with all of the other information set forth elsewhere or incorporated by reference into this Exchange Offer Statement before deciding to accept or reject the Exchange Offer. If any of the following risks develops into actual events, our business, financial condition or results of operations could be negatively affected, and you may lose all or part of your investment.*

*You should also refer to the risk factors included in our public filings, which are incorporated by reference herein, for additional risk factors relating to our business, the industry in which we operate and an investment in our Common Stock.*

#### **Risks Related to the Exchange Offer**

***There is no assurance that our Exchange Offer will achieve its desired effect of providing incentives to our holders of Warrants to exchange their Warrants.***

One of the important purposes of the Exchange Offer is to provide incentives for our Warrantholders to exchange their Warrants, thereby eliminating or significantly reducing our warrant overhang and attracting additional investors for our Common Stock. The decision of a holder to take such actions could be influenced by a number of factors including the market price of our Common Stock, our future business prospects and the personal financial circumstances of a Warrantholder. There can be no assurance that holders of Warrants will exchange such Warrants in the Exchange Offer.

***There is no assurance that our Common Stock will be listed on a national securities exchange following the Exchange Offer.***

One of the reasons for the Exchange Offer is to increase the number of holders of our Common Stock to facilitate the listing of the Common Stock on a national securities exchange. There can be no assurance, however, that the Common Stock will in fact be listed on a national securities exchange upon completion of the Exchange Offer.

***The issuance of additional Common Stock upon the exchange of tendered Warrants will dilute our existing shareholders as well as our future shareholders.***

If the holders of our Warrants accept the Exchange Offer, we will issue additional shares of Common Stock. The issuance will dilute the ownership by other holders of our Common Stock.

***If the Exchange Offer is successful, the liquidity of the market for the Warrants may be reduced.***

If the Exchange Offer is successful, the Warrantholders who choose to tender their Warrants will receive Common Stock that is quoted on the OTC Bulletin Board under the symbol "INHI.OB." To the extent that the Exchange Offer is successful, the market for any remaining outstanding Warrants and Units, which are quoted on the OTC Bulletin Board under the symbols "INHIW.OB" and "INHIU.OB," respectively, may be reduced.

***Certain members of our Board hold warrants which may result in a conflict of interest.***

Certain members of our Board, which approved this Exchange offer, hold Warrants and may participate in this Exchange Offer. A special ad hoc committee of our Board, comprised of Pat LaVecchia, David Dreyer and James Freddo, none of whom holds Warrants, has been created by the Board and delegated the authority to set the terms of the Exchange Offer, including in particular, the exchange ratio.

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### ***We did not obtain a “fairness opinion” in connection with the Exchange Offer.***

The exchange ratio has been set based on factors deemed relevant by the Board, and the ad hoc committee delegated the authority of approving the exchange ratio. We have not obtained outside advice or any opinion of an investment banker with respect to the fairness of the exchange ratio either to Warrantholders or to holders of Common Stock.

### ***If you elect the Lock-Up Option, you will not be able to sell your shares of Common Stock for six months.***

Warrantholders who accept the Exchange Offer may choose from two exchange ratios. If you accept the Unrestricted Option, the shares of Common Stock received may, generally, be resold immediately (subject to market demand). However, if you choose the Lock-Up Option, while you will receive more shares in exchange for your Warrants, you must hold the shares for at least six months. These shares will be identified by a special CUSIP number, and will not be allowed to trade during such six month period. There can be no assurance as to what the prevailing market prices or market liquidity for our Common Stock will be upon the expiration of this six month holding period.

### **Tax Risks**

#### ***No rulings or opinions have been received as to the tax consequences of the Exchange Offer to holders of Warrants***

The tax consequences that will result to a holder of Warrants that participates in the Exchange Offer, and in particular to a holder that participates in the Lock-up Option, is not well defined by the existing authorities. No ruling of any governmental authority and no opinion of counsel has been issued or rendered on these matters, and the characterizations we intend to follow may be rejected, or determined to be inappropriate in the case of particular holders, by the applicable taxing authorities. Thus Warrantholders must rely on the advice of their own tax advisors in assessing these matters. For a general discussion of certain tax considerations, please read “Certain Tax Consequences of the Exchange Offer—Certain U.S. Federal Income Tax Consequences to of the Exchange Offer.”

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### USE OF PROCEEDS

We will not receive any proceeds from the Exchange Offer.

### CAPITALIZATION

The following table shows our capitalization, as of September 30, 2009, and as adjusted to reflect the Exchange Offer. For purposes of this table, we have assumed the following, all as of September 30, 2009:

- 100% of the Public Warrants (33,750,502 Warrants) are exchanged for Common Stock pursuant to the Lock-Up Option (one share of Common Stock for every 25 Warrants tendered)
- 100% of the Private Warrants (1,357,717 Warrants) are exchanged for Common Stock pursuant to the Lock-Up Option (one share of Common Stock for every 25 Warrants tendered)
- No Public Warrants (0 Warrants) are exchanged for Common Stock pursuant to the Unrestricted Option (one share of Common Stock for every 35 Warrants tendered)

There is no assurance that all Warrantholders will exchange their warrants in the Exchange Offer.

<i>(In thousands)</i>	September 30, 2009 (Unaudited)		
	Actual	Adjustments	Pro Forma
Cash and cash equivalents	\$ 6,716		\$ 6,716
Total debt	23,892		23,892
Derivative liabilities	3,793	(3,004) <sup>1</sup>	789
Stockholders' equity:			—
Preferred Stock, par value \$0.0001 per share; 1,000,000 shares authorized; none issued	—		—
Common Stock, par value \$0.0001 per share; 200,000,000 shares authorized; 18,676,630 shares issued and outstanding on an actual basis; and 20,080,958 shares issued and outstanding on an as adjusted basis	2	— <sup>2</sup>	2
Warrants to purchase common stock exercisable at \$5.00 per share; 35,108,219 warrants issued and outstanding on an actual basis; and 0 warrants issued and outstanding on an as adjusted basis	—		—
Additional paid in capital	81,321	2,570 <sup>2</sup>	83,891
Retained deficit	(913)	434 <sup>3</sup>	(479)
Total stockholders' equity	80,410	3,004	83,414
Total Capitalization	108,095	—	108,095

- 1) *Extinguishment of Warrant Liability.* Reflects the adjustment to extinguish the warrant liability, as if all warrants were exchanged for Common Stock on September 30, 2009.
- 2) *Issuance of Common Stock.* Reflects adjustments assuming all warrants were exchanged for Common Stock on September 30, 2009, and assuming the September 30, 2009 closing market price of our Common Stock was equal to the February 9, 2010 closing market price of \$2.35 per share of Common Stock. Assumes a fair value of \$2.35 per share of Common Stock issued pursuant to the Unrestricted Option, and a 19% discount or \$1.90 per share of Common Stock issued pursuant to the Lock-Up Option.
- 3) *Non-recurring Gain.* Reflects a non-recurring gain assuming all warrants were exchanged for Common Stock on September 30, 2009, and assuming the September 30, 2009 closing market price of our Common Stock was equal to the February 9, 2010 closing market price of \$2.35 per share of Common Stock. Assumes a fair value of \$2.35 per share of Common Stock issued pursuant to the Unrestricted Option, and a 19% discount or \$1.90 per share of Common Stock issued pursuant to the Lock-Up Option.

## **DIVIDEND POLICY**

We have not, since our initial public offering in April 2006, paid any dividends on our shares of Common Stock. We currently intend to retain cash from operations in the future for the development of our business and do not currently anticipate paying dividends.

## **PRO FORMA FINANCIAL INFORMATION (UNAUDITED)**

The accompanying pro forma consolidated financial statements do not purport to represent what our results of operations would have been had such transactions and events occurred on the dates specified, or to project our results of operations for any future period or date. The pro forma adjustments are based on available information and certain adjustments that our management believes are reasonable. In the opinion of our management, all adjustments have been made that are necessary to present fairly the unaudited pro forma consolidated data.

The following shows our pro forma consolidated balance sheet as of September 30, 2009, and the consolidated statements of operations for the nine months ended September 30, 2009 and the year ended December 31, 2008, to reflect the Exchange Offer. There is no assurance that all Warrant holders will exchange their warrants in the Exchange Offer.

### **Pro Forma Consolidated Balance Sheet (Unaudited)**

For purposes of the pro forma consolidated balance sheet, we have assumed the following, all as of September 30, 2009:

- 100% of the Public Warrants (33,750,502 Warrants) are exchanged for Common Stock pursuant to the Lock-Up Option (one share of Common Stock for every 25 Warrants tendered)
- 100% of the Private Warrants (1,357,717 Warrants) are exchanged for Common Stock pursuant to the Lock-Up Option (one share of Common Stock for every 25 Warrants tendered)
- No Public Warrants (0 Warrants) are exchanged for Common Stock pursuant to the Unrestricted Option (one share of Common Stock for every 35 Warrants tendered)

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<i>(in thousands)</i>	September 30, 2009 (Unaudited)		
	Actual	Adjustments	Pro Forma
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	6,716		6,716
Accounts receivable, less allowance for doubtful accounts of \$1,584	5,591		5,591
Inventory	1,241		1,241
Prepaid expenses and other current assets	459		459
Total current assets	<u>14,007</u>		<u>14,007</u>
Property & equipment, net	13,077		13,077
Deferred debt issuance costs, net	894		894
Goodwill	56,580		56,580
Intangible assets, net	29,368		29,368
Other assets	18		18
Total Assets	<u>113,944</u>		<u>113,944</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable	1,613		1,613
Deferred income taxes	54		54
Other current liabilities	2,183		2,183
Derivative liabilities	3,793	(3,004) <sup>1</sup>	789
Current portion of long-term debt; includes \$3,270 payable to I-Flow	3,589		3,589
Total Current Liabilities	<u>11,232</u>	<u>(3,004)</u> <sup>1</sup>	<u>8,228</u>
Long-term debt, net of current portion; includes \$19,233 payable to I-Flow	20,303		20,303
Deferred income taxes	1,668		1,668
Other liabilities	331		331
Total Liabilities	<u>33,534</u>	<u>(3,004)</u> <sup>1</sup>	<u>30,530</u>
Stockholders' Equity			
Preferred stock, \$.0001 par value; authorized 1,000,000 shares; none issued	—		—
Common stock, \$.0001 par value; authorized 200,000,000 shares; 18,676,630 issued and outstanding on an actual basis; and 20,080,958 shares issued and outstanding on an as adjusted basis	2	— <sup>2</sup>	2
Additional paid-in capital	81,321	2,570 <sup>2</sup>	83,891
Retained deficit	(913)	434 <sup>3</sup>	(479)
Total Stockholders' Equity	<u>80,410</u>	<u>3,004</u>	<u>83,414</u>
Total Liabilities and Stockholders' Equity	<u>113,944</u>	—	<u>113,944</u>

- 1) *Extinguishment of Warrant Liability.* Reflects the adjustment to extinguish the warrant liability, as if all warrants were exchanged for Common Stock on September 30, 2009.
- 2) *Issuance of Common Stock.* Reflects adjustments assuming all warrants were exchanged for Common Stock on September 30, 2009, and assuming the September 30, 2009 closing market price of our Common Stock was equal to the February 9, 2010 closing market price of \$2.35 per share of Common Stock. Assumes a fair value of \$2.35 per share of Common Stock issued pursuant to the Unrestricted Option, and a 19% discount or \$1.90 per share of Common Stock issued pursuant to the Lock-Up Option.

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- 3) *Non-recurring Gain*. Reflects a non-recurring gain assuming all warrants were exchanged for Common Stock on September 30, 2009, and assuming the September 30, 2009 closing market price of our Common Stock was equal to the February 9, 2010 closing market price of \$2.35 per share of Common Stock. Assumes a fair value of \$2.35 per share of Common Stock issued pursuant to the Unrestricted Option, and a 19% discount or \$1.90 per share of Common Stock issued pursuant to the Lock-Up Option.

### Sensitivity Analysis

The actual impact on Stockholders' Equity upon completion of the Exchange Offer is not known, and could result in a wide range of possibilities. The factors which could change between now and the completion of the Exchange Offer, and would therefore yield a materially different result from that presented above, include the closing market price for our Common Stock on the date the Exchange Offer ends, the discount applied to Common Stock issued pursuant to the Lock-Up Option, and the number of exchanged warrants converted pursuant to the Lock-Up Option relative to the number converted pursuant to the Unrestricted Option.

The following table illustrates additional, but not all, possible scenarios and the respective impact each would have on Stockholders' Equity. Note that any Adjustment to Retained Deficit listed in the table relates solely to the non-recurring gain or loss that would occur under each scenario.

<i>In thousands</i>	Closing Market Price of Common Stock on Date of Exchange	Warrants Exchanged			Adjustment to Additional Paid in Capital	Adjustment to Retained Deficit
		Public		Private		
		Lock-Up Option	Unrestricted Option	Lock-Up Option		
Pro Forma as presented	\$ 2.35	100%	0%	100%	2,570	434
Alternate scenario 1	2.35	0%	100%	100%	2,266	738
Alternate scenario 2	2.35	50%	50%	100%	2,418	586
Alternate scenario 3	3.60	50%	50%	100%	3,704	(700)
Alternate scenario 4	1.20	50%	50%	100%	1,235	1,769

To the extent less than 100% of the 33,750,502 Public Warrants are tendered for shares of Common Stock pursuant to the Exchange Offer, and therefore some number of Public Warrants remains outstanding, a warrant liability reflecting the market value of those untendered warrants will remain on the balance sheet until the future exercise or expiration of those warrants.

### Pro Forma Consolidated Statements of Operations (Unaudited)

The following shows our pro forma consolidated statements of operations for the nine months ended September 30, 2009 and the year ended December 31, 2008, to reflect the Exchange Offer. For purposes of these statements, we have assumed that all holders of Warrants exchanged their Warrants for Common Shares on January 1, 2008, as per the following:

- 100% of the Public Warrants (33,750,502 Warrants) are exchanged for Common Stock pursuant to the Lock-Up Option (one share of Common Stock for every 25 Warrants tendered)
- 100% of the Private Warrants (1,357,717 Warrants) are exchanged for Common Stock pursuant to the Lock-Up Option (one share of Common Stock for every 25 Warrants tendered)
- No Public Warrants (0 Warrants) are exchanged for Common Stock pursuant to the Unrestricted Option (one share of Common Stock for every 35 Warrants tendered)

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Note that the non-recurring gain, included as an adjustment to retained deficit in the pro forma consolidated balance sheet above, has not been reflected in the pro forma statements of operations below, but a non-recurring gain or loss will likely be incurred when the impact of the actual Exchange Offer is reflected in our future consolidated financial statements.

<i>(in thousands, except share data)</i>	Nine Months Ended September 30, 2009			Year Ended December 31, 2008		
	Actual	Adjustment	Pro Forma	Actual	Adjustment	Pro Forma
Net Revenues	28,302		28,302	35,415		35,415
Operating expenses:						
Cost of Revenues—Product Supply and Costs	4,447		4,447	5,422		5,422
Cost of Revenues—Pump depreciation	2,727		2,727	3,769		3,769
Provision for Doubtful accounts	2,734		2,734	3,187		3,187
Amortization of intangibles	1,370		1,370	1,827		1,827
Selling and marketing	3,749		3,749	4,659		4,659
General and administrative	9,307		9,307	11,765		11,765
Total Operating Expenses	<u>24,334</u>		<u>24,334</u>	<u>30,629</u>		<u>30,629</u>
Operating income	3,968		3,968	4,786		4,786
Other (loss) income:						
(Loss) gain on derivatives	(1,200)	1,485 <sup>1</sup>	285	9,815	(10,631) <sup>1</sup>	(816)
Interest income	4		4	36		36
Interest expense	(2,672)		(2,672)	(3,771)		(3,771)
Total other (loss) income	<u>(3,868)</u>	<u>1,485</u>	<u>(2,383)</u>	<u>6,080</u>	<u>(10,631)</u>	<u>(4,551)</u>
Income before income taxes	100	1,485	1,585	10,866	(10,631)	235
Income tax expense	(292)	— <sup>3</sup>	(292)	(907)	809 <sup>3</sup>	(98)
Net (loss) income	<u>(192)</u>	<u>1,485</u>	<u>1,293</u>	<u>9,959</u>	<u>(9,822)</u>	<u>137</u>
Net (loss) income per share:						
Basic	(0.01)	0.07	0.06	0.56	(0.55)	0.01
Diluted	(0.01)	0.07	0.06	0.53	(0.52)	0.01
Weighted average shares outstanding:						
Basic	18,581,917	1,404,328 <sup>2</sup>	19,986,245	17,940,952	1,404,328 <sup>2</sup>	19,345,280
Diluted	18,581,917	1,753,754 <sup>2</sup>	20,335,671	18,672,321	1,404,328 <sup>2</sup>	20,076,649

- 1) *Extinguishment of Warrant Liability*. Reflects an adjustment to remove the (loss) gain on Warrants recorded during the periods presented, as if all warrants were exchanged for Common Stock on January 1, 2008.
- 2) *Issuance of Common Stock*. Reflects adjustments to weighted average shares outstanding, as if all warrants were exchanged for Common Stock on January 1, 2008. This assumes that holders of all 35,108,219 warrants exchanged their warrants for Common Stock pursuant to the Lock-Up Option. For the nine months ended September 30, 2009, an additional 349,426 shares, related to unvested restricted shares and stock options, are considered dilutive and included in the pro forma adjustment. These 349,426 shares were not considered dilutive in the actual statement of operations for the nine months ended September 30, 2009, as there was a net loss for the period and the shares were therefore considered anti-dilutive.

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- 3) *Income Tax Expense*. Reflects an adjustment to income tax expense, to take into account the adjustment to income before taxes and an adjustment to the effective tax rate. There is appropriately no adjustment necessary for the nine months ended September 30, 2009, as the loss associated with the warrant liability in the actual statement of operations for that time period was treated as a discrete item and therefore did not contribute to the income tax expense presented. Likewise the pro forma adjustment to remove such loss does not require an adjustment to income tax expense for pro forma purposes.

### **Sensitivity Analysis**

The pro forma income statements shown above assume holders of all 35,108,219 warrants exchanged their warrants for common stock. To the extent less than 100% of the 35,108,219 warrants are tendered for shares of Common Stock pursuant to the Exchange Offer, and therefore some number of warrants remains outstanding, the adjustments to (loss) gain on derivatives, weighted average shares outstanding, and therefore net (loss) income per share, would be different than those presented above.

The following table illustrates the impact, relative to the pro forma income statements presented above, for every 1,000,000 warrants not exercised:

<i>(In thousands, except EPS data)</i>	<b>Nine Months Ended September 30, 2009</b>	<b>Year Ended December 31, 2008</b>
Net (loss) income	\$ (44)	\$ 315
Net (loss) income per share—basic and diluted	\$ (0.00)	\$ 0.02

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### PRICE RANGE OF WARRANTS, COMMON STOCK AND UNITS

#### Price Range of Our Warrants

Our Warrants are quoted on the OTC Bulletin Board under the symbol “INHIW.OB.” The following is a summary of the high and low closing prices of our Warrants during the periods presented.

	<u>High</u>	<u>Low</u>
2007 (Annual)	\$ 0.495	\$0.165
First Quarter	0.34	0.20
Second Quarter	0.395	0.192
Third Quarter	0.355	0.215
Fourth Quarter	0.495	0.165
2008 (Annual)	\$ 0.36	\$0.025
First Quarter	0.36	0.185
Second Quarter	0.31	0.17
Third Quarter	0.24	0.09
Fourth Quarter	0.08	0.025
2009 (Annual)	\$ 0.125	\$0.050
First Quarter	0.125	0.050
Second Quarter	0.120	0.065
Third Quarter	0.10881	0.050
Fourth Quarter	0.100	0.050
2010		
January (through February 11, 2010)	\$ 0.07	\$0.053

#### Price Range of Our Common Stock

Our Common Stock is quoted on the OTC Bulletin Board under the symbol “INH.OB.” The following is a summary of the high and low closing prices of our Common Stock during the periods presented.

	<u>High</u>	<u>Low</u>
2007 (Annual)	\$5.86	\$3.10
First Quarter	5.67	5.56
Second Quarter	5.86	5.65
Third Quarter	5.86	5.59
Fourth Quarter	5.84	3.10
2008 (Annual)	\$4.20	\$1.75
First Quarter	4.20	2.50
Second Quarter	3.03	2.20
Third Quarter	3.00	2.00
Fourth Quarter	2.75	1.75
2009 (Annual)	\$3.25	\$1.52
First Quarter	2.50	1.52
Second Quarter	3.25	2.08
Third Quarter	3.00	2.15
Fourth Quarter	3.00	2.15
2010		
January (through February 11, 2010)	\$2.85	\$2.30

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### Price Range of Our Units

Our Units are quoted on the OTC Bulletin Board under the symbol "INHIU.OB." The following is a summary of the high and low closing prices of our Units during the periods presented.

	<u>High</u>	<u>Low</u>
<i>2007 (Annual)</i>	\$6.55	\$3.65
First Quarter	6.25	6.00
Second Quarter	6.55	6.05
Third Quarter	6.40	6.00
Fourth Quarter	6.44	3.65
<i>2008 (Annual)</i>	\$4.75	\$1.75
First Quarter	4.75	2.75
Second Quarter	3.55	2.60
Third Quarter	3.55	1.75
Fourth Quarter	2.41	1.76
<i>2009 (Annual)</i>	\$2.20	\$2.10
First Quarter	2.10	2.10
Second Quarter*	—	—
Third Quarter*	—	—
Fourth Quarter	2.20	2.10
<i>2010</i>		
January (through February 11, 2010)	\$2.45	\$2.35

\* There was no trading activity reported during the second and third quarter of 2009.

You should evaluate current market prices for our Warrants, Common Stock and Units, among other factors, before deciding whether or not to tender your Warrants in the Exchange Offer.

## THE EXCHANGE OFFER

### Purpose of the Exchange Offer

As part of our April 2006 initial public offering, we issued 16,875,251 units (the “Units”), each Unit consisting of one share of our Common Stock and two Warrants. Accordingly, 33,750,502 Warrants were issued in our initial public offering (the “Public Warrants”). Subsequent to our initial public offering, we have issued in various private transactions an aggregate of 1,357,717 Warrants (the “Private Warrants” and collectively with the Public Warrants, the “Warrants”). The Private Warrants were issued to individuals who are currently members of our Board of Directors, and one former executive officer, for a price a \$0.70 per Warrant. The Private Warrants have substantially the same economic terms as the Public Warrants. The Exchange Offer is being made on the same terms for Public Warrants and Private Warrants.

As of February 11, 2010, we have 35,108,219 Warrants outstanding. Each Warrant is exercisable for one share of our Common Stock, at a cash exercise price of \$5.00. The Warrants expire on April 11, 2011. We are offering holders of Warrants, upon the terms and subject to the conditions set forth in the Exchange Offer, the right to exchange their Warrants for Common Stock. Holders may accept the Exchange Offer and may elect to exchange their Warrants for either:

- One (1) share of Common Stock for every thirty-five (35) Warrants tendered (“Unrestricted Option”); or
- One (1) share of Common Stock for every twenty-five (25) Warrants tendered, provided the holder agrees to the lock-up provisions (“Lock-Up Option”).

You may tender all or any number of Warrants that you hold pursuant to the Unrestricted Option or the Lock-Up Option. In addition, you may tender some of the Warrants you hold pursuant to the Unrestricted Option and other Warrants that you hold pursuant to the Lock-Up Option.

The shares of Common Stock to be issued in the Exchange Offer will be issued pursuant to the exemption from registration under the Securities Act provided by Section 3(a)(9) thereof. Accordingly, to the extent tendered Warrants are freely tradable and unrestricted, the shares of Common Stock received in exchange will similarly be freely tradable and unrestricted (subject to the lock-up provisions in the case of shares issued under the Lock-Up Option). To the extent the Warrants tendered are restricted securities within the meaning of the Securities Act, the shares of Common Stock issued in exchange will also be restricted securities.

We have a significant number of outstanding Warrants. The potentially dilutive effect of our outstanding Warrants creates an overhang on our Common Stock, which we believe makes it more difficult to attract new equity investors. By offering Warrant holders the opportunity to exchange their outstanding Warrants for Common Stock, we hope to encourage holders to exchange their Warrants immediately so that we can eliminate or reduce the Warrant overhang on our Common Stock and attract new equity investors. We also expect that the Exchange Offer will increase the number of holders of our Common Stock, which we anticipate will facilitate our ability to list the Common Stock on a national securities exchange.

Certain members of our Board of Directors hold Warrants. Such Directors will participate in the Exchange Offer, if at all, only if holders of fifty percent (50%) or more of the Public Warrants participate. In addition, each director who participates in the Exchange Offer will agree to a lock-up agreement restricting his ability to sell or otherwise transfer the shares of Common Stock received in the Exchange Offer for a period of one year following the expiration of the Exchange Offer. See “The Exchange Offer—Director Participation.”

This is a one-time offer, and you should take this into account in deciding whether to participate and tender your outstanding Warrants pursuant to the Exchange Offer.

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### **Board Approval**

Our Board has approved the Exchange Offer. Certain members of our Board hold Warrants and may participate in the Exchange Offer, see “Director Participation.” A special ad hoc committee of our Board, comprised of Pat LaVecchia, David Dreyer and James Freddo, none of whom holds Warrants, has been created by the Board and delegated the authority to set the terms of the Exchange Offer, including in particular, the exchange ratio.

Neither we, our management nor our Board makes any recommendation as to whether you should tender your Warrants or not. You should not consider Board approval of the Exchange Offer to be a recommendation as to whether you should participate or not participate in the Exchange Offer. You must make your own decision whether to participate in the Exchange Offer and tender your Warrants.

### **Eligibility**

We are making the Exchange Offer to holders of all of our 35,108,219 outstanding Warrants. The Exchange Offer is only being made for outstanding, unexercised Warrants and does not in any way apply to Warrants which have previously been exercised, which there have been none. Warrants for which you have properly submitted an exercise form and the exercise price prior to the date of the commencement of the Exchange Offer will be considered exercised to that extent and unavailable for tender in the Exchange Offer, whether or not you have received confirmation of the exercise or the Common Stock purchased.

### **Lock-Up Provisions**

If you elect to tender Warrants pursuant to the Lock-Up Option, the shares of Common Stock that you receive will be subject to the following (the “Lock-Up Provisions”) for a period of six months following the date of the expiration of the Exchange Offer.

During this six month period, without the prior written consent of the Company you may not sell or otherwise transfer or dispose of any shares of Common Stock received in the Exchange Offer. The Lock-Up restriction shall not apply to transfers of Common Stock required by applicable law; provided evidence satisfactory to the Company of such legal requirement is provided to the Company.

If you hold your shares of Common Stock in certificate form, a legend respecting such Lock-Up Provisions will be printed on such certificates. If you hold your shares of Common Stock in “street name” through a broker, dealer, commercial bank, trust company, nominee or other securities intermediary, the Lock-Up Provisions will be effected by the assignment of a special restricted CUSIP number to such shares. After the expiration of the six months lock-up period, these shares will be reassigned the CUSIP number applicable to all other shares of Common Stock.

### **Director Participation**

Certain of our Directors hold Warrants, which were acquired in private placements from the Company subsequent to our initial public offering at a price per Warrant of \$0.70. Directors may participate in the Exchange Offer, but are not obligated to do so. Each Director has informed the Company of his intent to participate in the Exchange Offer, if at all, only if holders of more than 50% of the public Warrants have tendered their Warrants.

Any Director who participates in the Exchange Offer will agree to provide the Company with a Lock-Up Agreement containing provisions comparable to the Lock-Up Provisions described above, but applicable for a period of one year from the expiration of the Exchange Offer. Any Director participating in the Exchange Offer will receive certificated shares of Common Stock and the Lock-Up Restrictions will be described in a legend printed on such certificates.

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See “Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Warrants and Our Common Stock.”

### **Exchange of Warrants**

If you properly tender your outstanding Warrants pursuant to the Exchange Offer, your Warrants will be cancelled upon expiration of the Exchange Offer. We will issue Common Stock to be delivered to you pursuant to the Exchange Offer along with cash for any fractional shares of Common Stock, promptly following expiration of the Exchange Offer.

You are not required to tender all of your Warrants. If you tender less than all of your Warrants, however, the remaining Warrants not tendered will remain outstanding on their current terms (including the \$5.00 exercise price) until they expire on April 11, 2011 or are exercised on their current terms.

### **Procedures for Tendering Warrants**

You do not have to participate in the Exchange Offer. If you decide not to participate in the Exchange Offer, you do not need to do anything and your Warrants will remain outstanding until they expire by their terms or are exercised.

#### ***Public Warrants:***

Any beneficial owner whose interests in the Warrants are registered in the name of a broker, dealer, commercial bank, trust company, nominee or other securities intermediary and who wishes to exchange such Warrants in the Exchange Offer should contact such securities intermediary promptly and instruct such securities intermediary to exchange on such beneficial owner's behalf in accordance with the Unrestricted Option or the Lock-Up Option.

You may tender your Warrants and elect the Unrestricted Option or the Lock-Up Option by transferring the Warrants through DTC's Automated Tender Offer Program (“ATOP”). The Exchange Agent will establish an account at DTC with respect to the Warrants for purposes of the Exchange Offer, and any financial institution that is a DTC participant may make book-entry delivery of eligible Warrants by causing DTC to transfer such Warrants into the Exchange Agent's account in accordance with DTC's procedures for such transfer.

The Exchange Agent and DTC have confirmed that Warrants held in book-entry form through DTC that are to be tendered in the Exchange Offer are eligible for ATOP. To effectively tender Warrants eligible for ATOP that are held through DTC, DTC participants must electronically transmit their acceptance through ATOP, and DTC will then verify the acceptance, execute a book-entry delivery to the Exchange Agent's account at DTC and send an Agent's Message to the Exchange Agent for its acceptance. The confirmation of a book-entry transfer into the Exchange Agent's account at DTC as described above is referred to herein as a “Book-Entry Confirmation.”

The term “Agent's Message” means a message transmitted by DTC to, and received by, the Exchange Agent and forming a part of the Book-Entry Confirmation, which states that DTC has received an express acknowledgment from the DTC participant described in such Agent's Message, stating that such participant has received and agrees to be bound by the terms and conditions of the Exchange Offer and that we may enforce such agreement against such participant.

If you desire to tender your Warrants on or prior to the Expiration Date through ATOP, you should note that you must allow sufficient time for completion of the ATOP procedures during the normal business hours of DTC on such date.

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### ***Private Warrants:***

To participate in the Exchange Offer, you must properly complete, sign and date the Letter of Transmittal included with this Exchange Offer Statement and mail or otherwise deliver to the Company the Letter of Transmittal and your Warrants so that the Company receives them no later than 5:00 P.M., Eastern Standard Time, on March 17, 2010, the expiration of the Exchange Offer (or such later date and time if we extend the Exchange Offer), at the address set forth in the Letter of Transmittal. Delivery of the Letter of Transmittal by facsimile or email will not be accepted.

The Letter of Transmittal will allow you to elect the Unrestricted Option, the Lock-Up Option, or any combination.

The Letter of Transmittal must be executed by the record holder of the tendered Warrants. However, if the signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or another person acting in a fiduciary or representative capacity, the signer's full title and proper evidence of the authority of such person to act in such capacity must be indicated on the Letter of Transmittal.

If you do not submit a Letter of Transmittal for your Warrants prior to the expiration of the Exchange Offer, or if you submit an incomplete or incorrectly completed Letter of Transmittal, you will be considered to have rejected the Exchange Offer.

THE METHOD OF DELIVERY OF WARRANTS, THE LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS TO COMPANY IS AT THE ELECTION, EXPENSE AND RISK OF THE HOLDER. INSTEAD OF DELIVERY BY MAIL, IT IS RECOMMENDED THAT HOLDERS USE AN OVERNIGHT OR HAND DELIVERY SERVICE AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED OR CONFIRMED BY THE COMPANY. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE DELIVERY TO THE COMPANY BEFORE THE EXPIRATION DATE. NO LETTER OF TRANSMITTAL OR WARRANTS SHOULD BE SENT TO THE COMPANY. HOLDERS MAY REQUEST THEIR RESPECTIVE BROKERS, DEALERS, COMMERCIAL BANKS, TRUST COMPANIES OR NOMINEES TO EFFECT THE ABOVE TRANSACTIONS FOR SUCH HOLDERS.

### **Procedures For Tendering Warrants If You Are Holding Units**

If you are holding our Units, which represent one share of Common Stock and two Warrants, you must exchange such Units for the underlying shares of Common Stock and Warrants in order to then tender the Warrants in the Exchange Offer. If you are the record holder of Units, you may do so by contacting our transfer agent as follows:

Attn: Glen Chang  
BNY Mellon Shareowner Services  
DWAC Unit 27th Floor  
480 Washington Boulevard  
Jersey City, NJ 07310  
Phone 201-680-4876

If you are a beneficial owner of Units that are registered in the name of a broker, dealer, commercial bank, trust company, nominee or other securities intermediary, you must contact such securities intermediary to exchange Units for Common Stock and Warrants.

### **Withdrawal Rights**

You may change your election and withdraw your tendered Warrants only if you properly complete, sign and date the Withdrawal Form included with the Exchange Offer and mail or otherwise deliver the Withdrawal Form to the Exchange Agent so that the Exchange Agent receives it no later than 5:00 P.M., Eastern Standard

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Time, on March 17, 2010, at the address set forth below under “—Exchange Agent”. You may also withdraw your tendered Warrants pursuant to Rule 13e-4(f)(2)(ii) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, if they have not been accepted by us for payment within 40 business days from the commencement of the Exchange Offer. Delivery of the Withdrawal Form by facsimile or email will not be accepted.

The Withdrawal Form must be executed by the record holder of the Warrants to be withdrawn. However, if the signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or another person acting in a fiduciary or representative capacity, the signer’s full title and proper evidence of the authority of such person to act in such capacity must be indicated on the Withdrawal Form.

If we extend the Exchange Offer, are delayed in our acceptance for tender of Warrants or are unable to accept Warrants for exchange pursuant to the Exchange Offer for any reason, then, without prejudice to our rights under the Exchange Offer, the Exchange Agent may, nevertheless, on behalf of the holders, retain tendered Warrants, and such Warrants may not be withdrawn, except to the extent that tendering holders are entitled to withdrawal rights as described herein.

Withdrawals of Warrants may not be rescinded. Any Warrants properly withdrawn will thereafter be deemed not to have been validly tendered for purposes of the Exchange Offer. However, withdrawn Warrants may be re-tendered by again following one of the procedures described in the Exchange Offer at any time prior to the Expiration Date.

Any beneficial owner whose interests in the Warrants are registered in the name of a broker, dealer, commercial bank, trust company, nominee or other securities intermediary and who wishes to withdraw previously tendered Warrants should contact such securities intermediary promptly and instruct such securities intermediary to withdraw previously tendered Warrants on such beneficial owner’s behalf.

If you tendered Warrants through DTC’s ATOP, and you wish to withdraw your tender, you may only do so through ATOP.

ALL QUESTIONS AS TO THE FORM AND VALIDITY (INCLUDING TIME OF RECEIPT) OF ANY NOTICE OF WITHDRAWAL WILL BE DETERMINED BY THE COMPANY, IN ITS SOLE DISCRETION, WHOSE DETERMINATION WILL BE FINAL AND BINDING. NONE OF THE COMPANY, THE EXCHANGE AGENT OR ANY OTHER PERSON WILL BE UNDER ANY DUTY TO GIVE NOTIFICATION OF ANY DEFECTS OR IRREGULARITIES IN ANY NOTICE OF WITHDRAWAL OR INCUR ANY LIABILITY FOR FAILURE TO GIVE ANY SUCH NOTIFICATION.

THE METHOD OF DELIVERY OF YOUR WITHDRAWAL FORM TO THE EXCHANGE AGENT IS AT THE ELECTION, EXPENSE AND RISK OF THE HOLDER. INSTEAD OF DELIVERY BY MAIL, IT IS RECOMMENDED THAT HOLDERS USE AN OVERNIGHT OR HAND DELIVERY SERVICE AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED OR CONFIRMED BY THE EXCHANGE AGENT. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE DELIVERY TO THE EXCHANGE AGENT BEFORE THE EXPIRATION DATE. NO WITHDRAWAL LETTER SHOULD BE SENT TO THE COMPANY. HOLDERS MAY REQUEST THEIR RESPECTIVE BROKERS, DEALERS, COMMERCIAL BANKS, TRUST COMPANIES OR NOMINEES TO EFFECT THE ABOVE TRANSACTIONS FOR SUCH HOLDERS. DELIVERY OF DOCUMENTS TO THE BOOK-ENTRY TRANSFER FACILITY DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

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### **Exchange Agent**

BNY Mellon Shareowner Services has been appointed as Exchange Agent for the Exchange Offer.

BNY Mellon Shareowner Services  
480 Washington Boulevard  
Jersey City, NJ 07310  
Attention: Corporate Action Department, 27th Floor  
Telephone: 1-800-777-3674

### **Determination of Validity; Rejection of Warrants; Waiver of Defects; No Obligation to Give Notice of Defects**

We will determine, in our discretion, all questions as to form, validity, including time of receipt, eligibility and acceptance of any tender of Warrants or withdrawal of tendered Warrants. Our determination of these matters will be final and binding on all parties. We may reject any or all tenders of or withdrawals of tendered Warrants that we determine are not in appropriate form or that we determine are unlawful to accept or not timely made. Otherwise, we expect to accept all properly and timely tendered Warrants which are not validly withdrawn. We may waive, as to all eligible Warrantholders, any defect or irregularity in any tender with respect to any particular Warrant. Any waiver granted as to one Warrantholder will be afforded to all holders of Warrants. We may also waive any of the conditions of the Exchange Offer, so long as such waiver is made with respect to all Warrantholders. No tender of Warrants or withdrawal of tendered Warrants will be deemed to have been properly made until all defects or irregularities have been cured by the tendering Warrantholder or waived by us. **NEITHER WE NOR ANY OTHER PERSON IS OBLIGATED TO GIVE NOTICE OF ANY DEFECTS OR IRREGULARITIES IN TENDERS OR WITHDRAWALS, AND NO ONE WILL BE LIABLE FOR FAILING TO GIVE NOTICE OF ANY DEFECTS OR IRREGULARITIES.**

### **Acceptance of Warrants; Issuance of Common Stock**

The Exchange Offer is scheduled to expire at 5:00 P.M., Eastern Standard Time, on March 17, 2010 (subject to our right to extend the Exchange Offer).

Upon the terms and subject to the conditions of the Exchange Offer, we expect, upon and as of the expiration of the Exchange Offer, to:

- accept for exchange Warrants properly tendered and not validly withdrawn pursuant to the Exchange Offer;
- issue Common Stock in exchange for tendered Warrants pursuant to the Exchange Offer; and
- pay a market cash value in lieu of the receipt of fractional shares of Common Stock by Warrantholders.

If you elect to tender your Warrants pursuant to the Exchange Offer and you do so according to the procedures described herein, you will have accepted the Exchange Offer. Our acceptance of your outstanding Warrants for tender in the Exchange Offer will form a binding agreement between you and us upon the terms and subject to the conditions of the Exchange Offer upon the expiration of the Exchange Offer.

If you elect not to participate in the Exchange Offer, your Warrants will remain outstanding until they expire or are exercised by their original terms.

### **Extension of the Exchange Offer; Termination; Amendment**

Although we do not currently intend to do so, we may, from time to time, at our discretion, extend the Exchange Offer at any time. If we extend the Exchange Offer, we will continue to accept validly tendered Warrants until the new expiration date.

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We also expressly reserve the right, in our reasonable judgment, prior to the Expiration Date, to terminate or amend the Exchange Offer and to postpone our acceptance of any tendered Warrant upon the occurrence of any of the conditions specified under “—Conditions to the Exchange Offer”.

Extension or amendments to, or a termination of, the Exchange Offer may be made at any time and from time to time by an announcement. In the case of an extension, the announcement must be issued no later than 9:00 A.M., Eastern Standard Time, on the next business day after the last previously scheduled or announced Expiration Date. Any announcement made pursuant to the Exchange Offer will be disseminated promptly to holders of Warrants in a manner reasonably designed to inform such holders of such amendment. Without limiting the manner in which we may choose to make an announcement, except as required by applicable law, we have no obligation to publish, advertise or otherwise communicate any such announcement other than by issuing a press release.

If we materially change the terms of the Exchange Offer or the information concerning the Exchange Offer, or if we waive a material condition of the Exchange Offer, we will extend the Exchange Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(3) under the Exchange Act. These rules require that the minimum period during which an offer must remain open following material changes in the terms of the offer or information concerning the offer, other than a change in price or a change in percentage of securities sought, will depend on the facts and circumstances, including the relative materiality of such terms or information.

### **Conditions to the Exchange Offer**

Notwithstanding any other provision of the Exchange Offer, we will not be required to accept any tendered Warrants, and we may terminate or amend the Exchange Offer, or postpone our acceptance of any tendered Warrants, if at any time on or after the commencement of the Exchange Offer and before the Expiration Date of the Exchange Offer, any of the following events has occurred, or has been determined by us to have occurred, and, in our reasonable judgment in any case and regardless of the circumstances giving rise to the event, including any action or omission to act by us, the occurrence of such event or events makes it inadvisable for us to proceed with the Exchange Offer or with the acceptance of the tendered Warrants:

(a) there shall have been threatened or instituted or be pending any action or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or any other person, domestic or foreign, before any court, authority, agency or tribunal that directly or indirectly challenges the making of the Exchange Offer, the issuance of Common Stock, or otherwise relates in any manner to the Exchange Offer or that, in our reasonable judgment, could materially and adversely affect our business, condition (financial or other), income, operations or prospects, or otherwise materially impair in any way the contemplated future conduct of our business or materially impair the contemplated benefits of the Exchange Offer to us;

(b) there shall have been any action threatened, pending or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the Exchange Offer or us, by any court or any authority, agency or tribunal that, in our reasonable judgment, would or might directly or indirectly:

- make the acceptance of the Warrants tendered illegal or otherwise restrict or prohibit consummation of the Exchange Offer or otherwise relates in any manner to the Exchange Offer;
- delay or restrict our ability, or render us unable, to accept some or all of the Warrants tendered;
- materially impair the benefits we hope to receive as a result of the Exchange Offer; or
- materially and adversely affect our business, condition (financial or other), income, operations or prospects, or otherwise materially impair in any way the contemplated future conduct of our business or materially impair the contemplated benefits of the Exchange Offer to us;

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(c) there shall have occurred:

- the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, whether or not mandatory;
- the commencement of a war, terrorist act, armed hostilities or other international or national crisis directly or indirectly involving the United States;
- any limitation, whether or not mandatory, by any governmental, regulatory or administrative agency or authority on, or any event that in our reasonable judgment might affect, the extension of credit by banks or other lending institutions in the United States;
- any significant decrease in the market price of our Common Stock or any change in the general political, market, economic or financial conditions in the United States or abroad that could, in our reasonable judgment, have a material adverse effect on our business, condition (financial or other), operations or prospects or on the trading in our Common Stock;
- any change in the general political, market, economic or financial conditions in the United States or abroad that could have a material adverse effect on our business, condition (financial or other), operations or prospects or that, in our reasonable judgment, makes it inadvisable to proceed with the Exchange Offer; or
- in the case of any of the foregoing existing at the time of the commencement of the Exchange Offer, a material acceleration or worsening thereof;

(d) a tender or exchange offer with respect to some or all of our Common Stock, or a merger or acquisition proposal for us, shall have been proposed, announced or made by another person or entity or shall have been publicly disclosed, or we shall have learned that:

- any person, entity or “group,” within the meaning of Section 13(d)(3) of the Exchange Act, shall have acquired or proposed to acquire beneficial ownership of more than 5% of our outstanding Common Stock, or any new group shall have been formed that beneficially owns more than 5% of our outstanding Common Stock, other than any such person, entity or group that has filed a Schedule 13D or Schedule 13G with the SEC before the Expiration Date;
- any such person, entity or group that has filed a Schedule 13D or Schedule 13G with the SEC before the Expiration Date shall have acquired or proposed to acquire beneficial ownership of an additional 2% or more of our outstanding Common Stock; or
- any person, entity or group shall have filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 or made a public announcement reflecting an intent to acquire us or any of our assets or securities;

(e) any change or changes shall have occurred in our business, condition (financial or other), assets, income, operations, prospects or stock ownership that, in our judgment, is or may be material to us.

The foregoing conditions to the Exchange Offer are for our benefit. We may assert them in our discretion regardless of the circumstances giving rise to them prior to the expiration.

In addition to the foregoing, we may waive any of the conditions to the Exchange Offer, in whole or in part, at any time and from time to time prior to the expiration, in our discretion, whether or not we waive any other condition to the Exchange Offer. Our failure at any time to exercise any of these rights will not be deemed a waiver of any such rights. The waiver of any of these rights with respect to particular facts and circumstances will not be deemed a waiver with respect to any other facts and circumstances. Any determination we make concerning the events described above will be final and binding upon all persons.

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### **Source and Amount of Consideration; Description of Warrants**

The maximum number of shares of Common Stock we could be required to issue in the Exchange Offer, assuming holders of all Warrants tender and elect the Lock-Up Option, would be 1,404,328 shares of Common Stock. The 1,404,328 shares of Common Stock issuable upon exchange of the Warrants would constitute approximately 7% of our Common Stock outstanding as of February 11, 2010. We will issue shares of our Common Stock in the Exchange Offer from authorized but unissued shares.

### **Description of Outstanding Warrants Subject to the Exchange Offer**

Each outstanding Warrant entitles the registered holder to purchase one (1) share of Common Stock at an exercise price per share of \$5.00 in cash. The Warrants are fully exercisable until April 11, 2011. All of our Warrants contain provisions requiring an adjustment of the exercise price and number of shares of Common Stock issuable upon exercise of the Warrant in the event of stock dividends, stock splits, reorganizations, reclassification, consolidations and the like. In addition, the Warrants allow us to redeem the Warrants if our Common Stock trades at a specified price for a specified number of consecutive trading days. The Warrants were issued in registered form. BNY Mellon acts as our Warrant agent for registration and permissible transfers of the Public Warrants. Holders of Warrants do not have the rights or privileges of holders of Common Stock.

### **Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Warrants and Our Common Stock**

As of the date of the Exchange Offer, four of our directors held outstanding Warrants which are eligible for tender pursuant to the Exchange Offer as follows:

- Sean McDevitt, Chairman of the Board, owns 1,195,858 Warrants of which 1,142,858 are Private Warrants and 53,000 are Public Warrants. These Warrants represent 3.4% of the 35,108,219 outstanding Warrants as of February 11, 2010.
- John Voris, director of the Board, owns 71,429 Warrants. These Warrants represent 0.2% of the 35,108,219 outstanding Warrants as of February 11, 2010.
- Wayne Yetter, director of the Board, owns 72,000 Warrants. These Warrants represent 0.2% of the 35,108,219 outstanding Warrants as of February 11, 2010.
- Jean-Pierre Millon, director of the Board, owns 42,858 Warrants. These Warrants represent 0.1% of the 35,108,219 outstanding Warrants as of February 11, 2010.

Each of such directors purchased Private Warrants at a price per Warrant of \$0.70. In addition, a former executive officer holds 28,572 Private Warrants acquired at the same price. All such Private Warrants were purchased prior to the date we completed the acquisition of InfuSystem. Sean McDevitt also purchased Public Warrants following the acquisition of InfuSystem.

See “—Director Participation”.

### **Fees and Expenses**

We will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of Warrants pursuant to the Exchange Offer. We will, upon request, reimburse brokers and dealers for reasonable and customary handling and mailing expenses accrued by them in forwarding materials relating to the Exchange Offer to their customers. The Company has incurred certain expenses in preparation of the Exchange Offer.

### **Miscellaneous**

We have not authorized any person to make any recommendation on our behalf as to whether you should tender or refrain from tendering your Warrants pursuant to the Exchange Offer. You should rely only on the

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information contained in this document or to which we have referred you. We have not authorized anyone to give you any information or to make any representations in connection with the Exchange Offer other than the information and representations contained herein or any other related document. If anyone makes any recommendation or representation to you or gives you any information, you must not rely upon that recommendation, representation or information as having been authorized by us.

We have not and, to the best of our knowledge, none of our directors or executive officers has engaged in transactions involving the Warrants during the past 60 days. In addition, except as otherwise described below, we are not and, to our knowledge, none of our executive officers or directors is, a party to any agreement, arrangement or understanding with respect to any of our Warrants or Common Stock (including but not limited to, any agreement, arrangement, understanding or relationship concerning the transfer or the voting of any of our Warrants or Common Stock, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations).

## CERTAIN TAX CONSEQUENCES OF THE EXCHANGE OFFER

### Certain U.S. Federal Income Tax Consequences to U.S. Holders

The following summary describes certain U.S. federal income tax considerations that may be relevant to U.S. Holders (as defined below) that participate in the Exchange Offer to exchange Warrants for our Common Stock. This discussion does not describe U.S. federal income tax considerations that may be relevant to non-U.S. persons and other Warrantheolders that are not U.S. Holders; such holders should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them. This summary applies only to holders who hold the Warrants and will hold the Common Stock as capital assets (generally, property held for investment). This description does not purport to address all potential tax considerations that may be relevant to a holder based on his, her or its particular situation and does not address the tax considerations applicable to holders that may be subject to special tax rules, such as:

- financial institutions;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- grantor trusts;
- partnerships or other pass-through entities or holders of interests therein;
- tax-exempt organizations;
- dealers or traders in securities or currencies;
- holders that hold Common Stock or Warrants as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes or U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar; or
- certain U.S. expatriates or long-term U.S. residents.

In addition, this summary does not address the U.S. federal estate and gift tax, alternative minimum tax, state and local tax or other tax consequences that may be relevant to a holder that participates in the Exchange Offer. U.S. Holders are strongly advised to consult their tax advisors with respect to the application of the U.S. tax laws to their particular situation.

This summary is based on the Internal Revenue Code of 1986, as amended, or the Code, existing and proposed Treasury Regulations, administrative pronouncements and judicial decisions, each as in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or to differing interpretations by the Internal Revenue Service or a court, which could alter the tax consequences described herein. For purposes of this description, a U.S. Holder is a beneficial owner of Warrants or Common Stock that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (including an entity taxed as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any State thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (x) a court within the United States is able to exercise primary supervision over the administration of such trust and one or more United States persons have the authority to control all substantial decisions of such trust or (y) it has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

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Certain special rules may apply to a U.S. Holder that owns (or would own, if all of your Warrants were exercised) directly or indirectly, or through the application of constructive ownership rules, Common Stock representing 10% or more of the voting power of the Company. If you are such a U.S. Holder, you are strongly encouraged to consult with your own tax advisor as to any such special rules and procedures that may be applicable to your particular situation.

This summary is included herein as general information only. No statutory or judicial authority directly addresses all aspects of transactions similar to the Exchange Offer. We have not sought and do not intend to seek any rulings from the IRS or opinions of counsel regarding the tax consequences described herein, and accordingly, there is no assurance that the IRS will not successfully challenge any of the tax consequences described herein. Accordingly, each Warrantholder is urged to consult his, her or its own tax advisor with respect to the U.S. federal, state, local and non-U.S. income and other tax consequences of participating in the Exchange Offer.

### ***Participation in the Exchange Offer***

If you participate in the Exchange Offer in accordance with the procedures set forth in the Exchange Offer, the Company intends to treat your participation for U.S. federal income tax purposes in the applicable manner described below.

If and to the extent you elect to exercise the Unrestricted Option by tendering thirty-five (35) existing Warrants for one (1) share of Common Stock or the Lock-up Option by tendering twenty-five (25) existing Warrants for one (1) share of Common Stock, the Company will treat the transaction as a “recapitalization” exchange of Warrants for shares of Common Stock. The consequences of such characterization in respect of the Warrants exchanged into Common Stock should be that (i) the exchange of existing Warrants for new Common Stock would not cause recognition of gain or loss, (ii) your tax basis in the new Common Stock received in the exchange would be equal to the tax basis in your exchanged Warrants, and (iii) your holding period for the new Common Stock received in the exchange would include your holding period for the exchanged Warrants.

If, as a result of your exercise, in whole or in part, you receive a cash payment in lieu of the receipt of a fractional share of Common Stock, you will, absent the applicability of special circumstances, recognize capital gain or loss with respect to the fractional share in an amount equal to the difference, if any, between the amount of cash received in lieu of the fractional share and the portion of your tax basis in the fractional share of a Common Stock to which you otherwise would have been entitled. Any such capital gain or loss will be long-term if the holding period for such exchanged Warrants is more than one year as of the date of the exchange. Moreover, the information reporting and backup withholding rules discussed below may apply to any cash payments you receive in lieu of a fractional share of Common Stock.

### ***Non-Participants in the Exchange Offer***

If you do not participate in the Exchange Offer, the Company intends to treat the Exchange Offer as not resulting in any U.S. federal income tax consequences to you.

### ***Tax Uncertainty; No Opinion of Counsel***

Because of the lack of authority dealing with transactions similar to the Exchange Offer generally and in particular with the more favorable exchange ratio provided under the Lock-up Option, the U.S. federal income tax consequences of the Exchange Offer are unclear, and alternative characterizations are possible that could require you to recognize taxable income. For example, if you are a U.S. Holder and participate in the Lock-up Option, it is possible that the increase in the number of shares of Common Stock you receive as a result of the Lock-up Option, as opposed to the number of shares of Common Stock you would have received pursuant to the Unrestricted Option, could be treated as separate consideration for consenting to the restrictions on transfer under

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the Lock-up Option, resulting in taxable ordinary income for you. The IRS has not made a determination, nor has the Company received any opinion of counsel, on the U.S. federal income tax consequences of the Exchange Offer or of a holder's participation in the Exchange Offer. **You are urged to consult your tax advisor regarding the potential tax consequences of the Exchange Offer to you in your particular circumstances, including the consequences of possible alternative characterizations.**

Assuming the recapitalization treatment described above, if you are a participating holder, you will be required to file with your U.S. federal income tax return for the year in which the recapitalization occurs a statement setting forth certain information relating to your existing Warrants (including basis information) and any shares of Common Stock that you receive in exchange for your existing Warrants, and to maintain permanent records containing such information.

### ***Information Reporting and Backup Withholding***

Information reporting and backup withholding may apply to the transactions effected pursuant to the Exchange Offer unless you provide the appropriate intermediary with a taxpayer identification number, certified under penalties of perjury, as well as certain other information or you otherwise establish an exemption from backup withholding. Any amount withheld under the backup withholding rules is allowable as a credit against your U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed your actual U.S. federal income tax liability and you timely provide the required information or appropriate claim for refund to the IRS.

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**LEGAL MATTERS**

Certain legal matters in connection with the Exchange Offer will be passed upon for us by Morgan, Lewis & Bockius LLP.

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The financial statements of InfuSystem Holdings, Inc. as of and for the years ended December 31, 2008 and 2007, incorporated by reference in this Exchange Offer and the effectiveness of internal control over financial reporting as of December 31, 2008 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report incorporated by reference herein.

**AVAILABLE INFORMATION/INCORPORATION BY REFERENCE**

We have filed with the SEC a Tender Offer Statement on Schedule TO. This Exchange Offer Statement and the documents incorporated by reference herein do not contain all of the information contained in the Schedule TO and the exhibits to the Schedule TO. We recommend that you review the Schedule TO, including its exhibits.

Additionally, we file annual, quarterly and current reports, proxy statements and other information with the SEC under the Exchange Act of 1934.

We incorporate information into this Exchange Offer Statement by reference, which means that we disclose important information to you by referring you to a document filed with the SEC. The information incorporated by reference is deemed to be part of this Exchange Offer Statement, except to the extent superseded by information contained herein. This Exchange Offer Statement incorporates by reference the documents set forth below that have been previously filed with the SEC. These documents contain important information about us and our financial condition:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, filed with the SEC on March 3, 2009;
- our Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, filed with the SEC on November 10, 2009;
- our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, filed with the SEC on August 12, 2009;
- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, filed with the SEC on May 15, 2009; and;
- the description of our capital stock contained in our Registration Statement on Form S-1, originally filed with the SEC on October 14, 2005, including any amendments or reports filed for the purpose of updating that description.

All documents we filed pursuant to Section 13(a), Section 13(c), 14 or 15(d) of the Securities Exchange Act after the date of this Exchange Offer Statement and before the expiration of the Exchange Offer shall be incorporated by reference in this Exchange Offer Statement from the date of filing of such documents.

You may read and copy any reports, statements or other information on file at the SEC's public reference room located at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC filings are also available to the public from commercial document retrieval services. These filings are also available at the Internet website maintained by the SEC at <http://www.sec.gov>.

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We will provide without charge to each person to whom a copy of this Exchange Offer Statement is delivered, upon the written or oral request of any such person, a copy of any or all of the documents to which we have referred, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests should be directed to:

InfuSystem Holdings, Inc.  
31700 Research Park Drive  
Madison Heights, Michigan 48071  
(248) 291-1210  
Attention: Secretary

LETTER OF TRANSMITTAL  
OF  
INFUSYSTEM HOLDINGS, INC.

Offer to Exchange

Common Stock

**For Any and All Outstanding Warrants Exercisable for Common Stock  
With An Exercise Price of \$5.00 per Share Expiring on April 11, 2011 (CUSIP 45685K110) of  
InfuSystem Holdings, Inc.**

Pursuant to the Exchange Offer Statement dated February 16, 2010

**THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 5:00 P.M. EASTERN STANDARD TIME,  
ON MARCH 17, 2010, UNLESS THE OFFER IS EXTENDED (THE "EXPIRATION DATE").  
SECURITIES TENDERED PURSUANT TO THE OFFER MAY BE WITHDRAWN AT ANY TIME  
PRIOR TO THE EXPIRATION DATE.**

**DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH BELOW  
WILL NOT CONSTITUTE A VALID DELIVERY.**

InfuSystem Holdings, Inc.  
31700 Research Park Drive  
Madison Heights, Michigan 48071  
(248) 291-1210  
Attention: Sean Whelan

**THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY  
BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.**

**Questions and requests for assistance relating to the procedures for tendering the Warrants and requests for  
additional copies of the Exchange Offer Statement and this Letter of Transmittal may be directed to the Company at its  
address and telephone number set forth above.**

This Letter of Transmittal and the instructions hereto (this "Letter of Transmittal") and the Exchange Offer Statement (together with this Letter of Transmittal, as amended from time to time, the "Offer Documents") constitute an offer (the "Exchange Offer") by InfuSystem Holdings, Inc., a Delaware corporation (the "Company") to exchange shares of the Company's common stock par value \$0.0001 par value per share ("Common Stock") for any or all of the Company's outstanding warrants to purchase Common Stock exercisable at \$5.00 per share (the "Warrants") of the Company, on the terms and subject to the conditions set forth in the Exchange Offer Statement and this Letter of Transmittal.

**This Letter of Transmittal may only be used by a holder of Private Warrants (as defined in the  
Exchange Offer).**

**In the event that the Exchange Offer is withdrawn, terminated or otherwise not completed, none of the validly  
tendered Warrants will be exchanged for Common Stock, and any Warrants tendered by you will be credited to your  
account.**

The Exchange Offer is made upon the terms and subject to the conditions set forth in the Offer Documents. Holders should carefully review such information.

Holders who wish to tender their Warrants using this Letter of Transmittal must complete the box below entitled "Description of Warrants Tendered" and complete the box below entitled "Exchange Option" and sign in the appropriate box below.

**PLEASE READ ACCOMPANYING INSTRUCTIONS CAREFULLY.**

DESCRIPTION OF WARRANTS TENDERED			
Name(s) and Address(es) of Registered Holder(s) (Please fill in, if blank, exactly as name(s) appear(s) on Warrant Certificate(s))	Warrant Certificate(s) and Warrant(s) Tendered (Attach additional list, if necessary)		
	Warrant Certificate Number(s)*	Total Number of Warrants Evidenced By Warrant Certificate(s)	Number of Warrants Tendered**
	<b>Total Warrants</b>		

\* Need not be completed by holders who are tendering Warrants by book-entry transfer.  
 \*\* Unless otherwise indicated, it will be assumed that all Warrants evidenced by each Warrant Certificate delivered to the Company are being tendered hereby. See Instruction 4.

**LOST CERTIFICATES**

.. I HAVE LOST MY CERTIFICATE(S) THAT REPRESENTED WARRANTS AND REQUIRE ASSISTANCE IN OBTAINING REPLACEMENT CERTIFICATE(S). I UNDERSTAND THAT I MUST CONTACT THE COMPANY TO OBTAIN INSTRUCTIONS FOR REPLACING LOST CERTIFICATES. SEE INSTRUCTION 9.

Number of warrants represented by the lost or destroyed certificates:

EXCHANGE OPTION		
(Please check the option under which you will exchange the Warrants described above and the amount of Warrants tendered under such option)	Amount of Warrants tendered	
	Number of Warrants Tendered Under the Unrestricted Option	Number of Warrants Tendered Under the Lock-Up Option
.. Unrestricted Option One (1) share of Common Stock for every thirty-five (35) Warrants tendered		
.. Lock-Up Option One (1) share of Common Stock for every twenty-five (25) Warrants tendered, provided you agree to be subject to the lock-up provisions described in this Exchange Offer Statement, which provide that you may not sell the shares of Common Stock received for six months following the expiration of this Exchange Offer without our consent		
	<b>Total Warrants</b>	

If you do not wish to tender your Warrants, you do not need to return this Letter of Transmittal or take any other action.

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**NOTE: SIGNATURES MUST BE PROVIDED BELOW. PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.**

Ladies and Gentlemen:

By execution hereof, the undersigned acknowledges receipt of the Exchange Offer Statement, dated February 16, 2010 (as may be amended or supplemented from time to time, the "Exchange Offer Statement"), of InFuSystem Holdings, Inc., a Delaware corporation (the "Company") and this Letter of Transmittal and instructions hereto (the "Letter of Transmittal" and, together with the Exchange Offer Statement, the "Offer Documents"), which together constitute the Company's offer (the "Exchange Offer") to exchange shares of our common stock par value \$0.0001 per share ("Common Stock") for any or all of our outstanding warrants to purchase Common Stock exercisable at \$5.00 per share (the "Warrants") of the Company, on the terms and subject to the conditions set forth in the Exchange Offer Statement and this Letter of Transmittal.

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Company the above-described Warrants pursuant to the Company's offer to exchange any and all outstanding Warrants for one of the following options:

- One (1) share of Common Stock for every thirty-five (35) Warrants tendered ("Unrestricted Option"); or
- One (1) share of Common Stock for every twenty-five (25) Warrants tendered, provided you agree to be subject to the lock-up provisions described in this Exchange Offer Statement, which provide that you may not sell the shares of Common Stock received for six months following the expiration of this Exchange Offer without our consent (Lock-Up Option").

Upon the terms and subject to the conditions of the Exchange Offer and effective upon acceptance of the Warrants tendered herewith in accordance with the terms of the Exchange Offer, the undersigned hereby sells, assigns and transfers to, or upon the order of, the Company, all right, title and interest in and to all of the Warrants that are being tendered herewith and appoints the Company the true and lawful agent and attorney-in-fact with respect to such Warrants, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), subject only to the right of withdrawal described in the Exchange Offer Statement, to (i) deliver certificates for Warrants or transfer ownership of such Warrants on the account books maintained by the Book-Entry Transfer Facility, together, in any such case, with all accompanying evidences of transfer and authenticity to, or upon the order of, the Company, upon receipt by the Company, as the undersigned's agent, of the Common Stock to be issued in exchange for such Warrants, (ii) present certificates for such Warrants for transfer, and to transfer the Warrants on the books of the Company and (iii) receive for the account of the Company all benefits and otherwise exercise all rights of beneficial ownership of such Warrants, all in accordance with the terms and conditions of the Exchange Offer.

**THE UNDERSIGNED HEREBY REPRESENTS AND WARRANTS THAT THE UNDERSIGNED HAS FULL POWER AND AUTHORITY TO TENDER, EXCHANGE, SELL, ASSIGN AND TRANSFER THE WARRANTS TENDERED HEREBY AND THAT, WHEN THE SAME ARE ACCEPTED FOR EXCHANGE, THE COMPANY WILL ACQUIRE GOOD, MARKETABLE AND UNENCUMBERED TITLE THERETO, FREE AND CLEAR OF ALL LIENS, RESTRICTIONS, CHARGES AND ENCUMBRANCES, AND THAT THE WARRANTS TENDERED HEREBY ARE NOT SUBJECT TO ANY ADVERSE CLAIMS OR PROXIES. THE UNDERSIGNED WILL, UPON REQUEST, EXECUTE AND DELIVER ANY ADDITIONAL DOCUMENTS DEEMED BY THE COMPANY TO BE NECESSARY OR DESIRABLE TO COMPLETE THE EXCHANGE, ASSIGNMENT AND TRANSFER OF THE WARRANTS TENDERED HEREBY. THE UNDERSIGNED HAS READ AND AGREES TO ALL OF THE TERMS OF THE EXCHANGE OFFER.**

The undersigned understands that tenders of Warrants pursuant to the procedures described in the Exchange Offer Statement under the caption "The Exchange Offer—Procedures for Tendering Warrants" and in the instructions hereto will constitute a binding agreement between the undersigned and the Company upon the terms

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and subject to the conditions of the Exchange Offer. The undersigned recognizes that under certain circumstances set forth in the Exchange Offer Statement, the Company may not be required to accept for exchange any of the Warrants tendered hereby.

The undersigned understands that the delivery and surrender of the Warrants that the undersigned has tendered is not effective, and the risk of loss of Warrants does not pass to the Company, until the Company receives the Letter of Transmittal, duly completed and signed, together with all accompanying evidences of authority in form satisfactory to the Company and any other required documents. THE UNDERSIGNED UNDERSTANDS THAT ALL QUESTIONS AS TO THE FORM OF DOCUMENTS (INCLUDING NOTICES OF WITHDRAWAL) AND THE VALIDITY, FORM, ELIGIBILITY (INCLUDING TIME OF RECEIPT) AND ACCEPTANCE FOR EXCHANGE OF ANY TENDER OF WARRANTS WILL BE DETERMINED BY THE COMPANY IN ITS SOLE DISCRETION AND SUCH DETERMINATION SHALL BE FINAL AND BINDING UPON ALL TENDERING HOLDERS. The undersigned also understands that no tender of Warrants is valid until all defects and irregularities in tenders of Warrants have been cured or waived and that none of the Company or any other person is under any duty to give notification of any defects or irregularities in the tender of any Warrants or will incur any liability for failure to give any such notification.

All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned, and any obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Exchange Offer, this tender is irrevocable.

Unless otherwise indicated under "Special Issuance Instructions," please issue the Common Stock and return any Warrants not tendered or not accepted for exchange, in the name(s) of the undersigned. Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail the Common Stock and any certificates for Warrants not tendered or not accepted for exchange (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature(s). In the event that both "Special Issuance Instructions" and "Special Delivery Instructions" are completed, please issue the Common Stock and return any Warrants not tendered or not accepted for exchange in the name(s) of, and mail said check and any certificates to, the person(s) so indicated. The undersigned recognizes that the Company has no obligation, pursuant to the "Special Issuance Instructions," to transfer or cause to be transferred any Warrants from the name of the registered holder(s) thereof if the Company does not accept for exchange any of the Warrants so tendered.

The undersigned understands that the delivery and surrender of the Warrants is not effective, and the risk of loss of the Warrants does not pass to the Company, until receipt by the Company of all accompanying evidences of authority and any other required documents in form satisfactory to the Company. All questions as to the form of all documents and the validity (including time of receipt) and acceptance of tenders and withdrawals of Warrant will be determined by the Company, in its sole discretion, which determination shall be final and binding.

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**IMPORTANT—SIGN HERE**  
(Also Complete Substitute Form W-9 Included Below)  
(Signature(s) of Owner(s))

Dated \_\_\_\_\_

Name(s) \_\_\_\_\_  
(Please Print)

Capacity (full title) \_\_\_\_\_

Address \_\_\_\_\_  
(Include Zip Code)

Area Code and Telephone Number \_\_\_\_\_

(Must be signed by registered holder(s) exactly as name(s) appear(s) on Warrant Certificate(s). If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or other person acting in a fiduciary or representative capacity, please provide the necessary information above and see Instruction 5.)

**GUARANTEE OF SIGNATURE(S)**  
(See Instructions 1 and 5)  
FOR USE BY FINANCIAL INSTITUTIONS ONLY  
FINANCIAL INSTITUTIONS: PLACE MEDALLION GUARANTEE IN SPACE BELOW.

Authorized Signature \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_  
(Please Print)

Name of Firm \_\_\_\_\_

Address \_\_\_\_\_  
(Include Zip Code)

Area Code and Telephone Number \_\_\_\_\_

Dated \_\_\_\_\_

**SPECIAL ISSUANCE INSTRUCTIONS**

**(See Instructions 1, 5, 6 and 7)**

To be completed ONLY if the Common Stock (or certificates for Warrants not tendered or not accepted for exchange) are to be issued in the name of someone other than the undersigned.

Issue Certificates to:

Name \_\_\_\_\_  
(Please Print)

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ (Zip Code)

\_\_\_\_\_ (Taxpayer Identification No.)

**SPECIAL DELIVERY INSTRUCTIONS**

**(See Instructions 1, 5, 6 and 7)**

To be completed ONLY if the Common Stock (or certificates for Warrants not tendered or not accepted for exchange) are to be sent to someone other than the undersigned.

Mail Certificates to:

Name \_\_\_\_\_  
(Please Print)

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ (Zip Code)

\_\_\_\_\_ (Taxpayer Identification No.)

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## Instructions

### Forming Part of the Terms and Conditions of the Offer

1. **Guarantee of Signatures.** Except as otherwise provided below, all signatures on this Letter of Transmittal must be guaranteed by a financial institution (including most banks, savings and loan associations and brokerage houses) that is a member of a recognized Medallion Program approved by The Securities Transfer Association, Inc. or any other “eligible guarantor institution” (as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended) (each an “Eligible Institution”). **Signatures on this Letter of Transmittal need not be guaranteed if this Letter of Transmittal is signed by the registered holder(s) (which term, for purposes of this Section, includes any participant in the Book-Entry Transfer Facility’s systems whose name(s) appear(s) on a security position listing as the owner(s) of the Warrants) of the Warrants tendered herewith and such holder(s) have not completed the instruction entitled “Special Issuance Instructions” on this Letter of Transmittal. See Instruction 5.**

2. **Requirements of Tender.** This Letter of Transmittal is to be completed by holders of Private Warrants if certificates for Warrants are to be forwarded herewith. Certificates evidencing tendered Warrants, as well as this Letter of Transmittal, properly completed and duly executed, with any required signature guarantees, and any other documents required by this Letter of Transmittal, must be received by the Company at its addresses set forth herein prior to the Expiration Date. If Warrant certificates are forwarded separately to the Company, a properly completed and duly executed Letter of Transmittal must accompany each such delivery.

The method of delivery of this Letter of Transmittal, Warrant certificates and all other required documents, is at the option and the risk of the tendering holder and the delivery will be deemed made only when actually received by the Company. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

NO ALTERNATIVE, CONDITIONAL OR CONTINGENT TENDERS WILL BE ACCEPTED. BY EXECUTING THIS LETTER OF TRANSMITTAL, THE TENDERING HOLDER WAIVES ANY RIGHT TO RECEIVE ANY NOTICE OF THE ACCEPTANCE FOR PAYMENT OF THE WARRANTS.

3. **Inadequate Space.** If the space provided herein is inadequate, the Warrant Certificate numbers, the number of Warrants evidenced by such Warrant Certificates and the number of Warrants tendered should be listed on a separate signed schedule and attached hereto.

4. **Partial Tenders.** (Not applicable to holders of Warrants who tender by book-entry transfer.) If fewer than all the Warrants represented by any certificate delivered to the Company are to be tendered, fill in the number of Warrants which are to be tendered in the box entitled “Number of Warrants Tendered.” In such case, a new certificate for the remainder of the Warrants represented by the certificate will be sent to the person(s) signing this Letter of Transmittal, unless otherwise provided in the appropriate box on this Letter of Transmittal, as promptly as practicable following the expiration or termination of the Exchange Offer. All Warrants represented by certificates delivered to the Company will be deemed to have been tendered unless otherwise indicated.

5. **Signatures on Letter of Transmittal; Stock Powers and Endorsements.** If this Letter of Transmittal is signed by the registered holder(s) of the Warrants tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the certificates without alteration, enlargement or any change whatsoever.

If any of the Warrants tendered hereby are held of record by two or more persons, all such persons must sign this Letter of Transmittal.

If any of the Warrants tendered hereby are registered in different names on different certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of certificates.

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If this Letter of Transmittal is signed by the registered holder(s) of the Warrants tendered hereby, no endorsements of certificates or separate stock powers are required unless Warrants not tendered or not accepted for exchange are to be returned, in the name of any person other than the registered holder(s). Signatures on any such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Warrants tendered hereby, certificates must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name(s) of the registered holder(s) appear(s) on the certificates for such Warrants. Signature(s) on any such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to the Company of the authority of such person so to act must be submitted. Proper evidence of authority includes a power of attorney, a letter of testamentary or a letter of appointment.

6. Transfer Taxes. The Company will not pay any transfer taxes that may be applicable to the exchange of the Warrants pursuant to the Exchange Offer. If certificates representing Warrants for warrants not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder(s) of Warrants tendered, or if tendered Warrants are registered in the name of any person other than the person signing the Letter of Transmittal, or if a transfer tax is imposed for any reason other than the exchange of the Warrants pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder(s) or any other persons) will be payable by the exchanging holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the Letter of Transmittal, the amount of such transfer taxes will be billed directly to such exchanging holder.

7. Special Issuance and Delivery Instructions. If certificates for Common Stock, or any Warrants not tendered or not accepted for exchange are to be returned, in the name of a person other than the person(s) signing this Letter of Transmittal or if any certificates for Warrants not tendered or not purchased are to be mailed to someone other than the person(s) signing this Letter of Transmittal or to the person(s) signing this Letter of Transmittal at an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed.

8. Substitute Form W-9. Under U.S. federal income tax law, the Company may be required to withhold a portion of the amount of any payments made to certain holders pursuant to the Exchange Offer. To avoid such backup withholding, each tendering stockholder must provide the Company with such holder's correct taxpayer identification number and certify that such holder is not subject to such backup withholding by completing the Substitute Form W-9. In general, if a holder is an individual, the taxpayer identification number is the Social Security number of such individual. If the Company is not provided with the correct taxpayer identification number, the holder may be subject to a \$50 penalty imposed by the Internal Revenue Service ("IRS"). For further information concerning backup withholding and instructions for completing the Substitute Form W-9 (including how to obtain a taxpayer identification number if you do not have one and how to complete the Substitute Form W-9 if Warrants are held in more than one name), consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

9. Mutilated, Lost, Stolen or Destroyed Certificates. Holders of Warrant Certificates that have been mutilated, lost, stolen, or destroyed should (i) complete this Letter of Transmittal and check the appropriate box above and (ii) contact the Company immediately. The Company should be able to provide such holders with all necessary forms and instructions to replace any mutilated, lost, stolen or destroyed certificates. The holder may also be required to give the Company a bond as indemnity against any claim that may be made against it with respect to the certificates alleged to have been mutilated, lost, stolen, or destroyed. However, there can be no assurances that such mutilated, lost, stolen or destroyed certificates will be replaced prior to the expiration date of the Exchange Offer.

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10. Waiver of Conditions. The conditions of the Exchange Offer may be waived, in whole or in part, by the Company, in its sole discretion, at any time and from time to time, in the case of any Warrants tendered.

11. Requests for Assistance or Additional Copies. Questions or requests for assistance may be directed to the Company at its address and telephone number set forth below. Additional copies of the Exchange Offer Statement and the Letter of Transmittal may be obtained from the Company at its address and telephone number set forth below.

12. Irregularities. All questions as to the validity, form, eligibility (including time of receipt), and acceptance for exchange of any tender of Warrants will be determined by the Company in its discretion, which determination will be final and binding. The Company reserves the absolute right to reject any and all tenders of Warrants that it determines are not in proper form or the acceptance of or exchange for which may, in the opinion of the Company's counsel, be unlawful. The Company also reserves the absolute right to waive certain conditions to the Exchange Offer described in the Exchange Offer Statement under the section titled "The Exchange Offer—Determination of Validity; Rejection of Warrants; Waiver of Defects; No Obligation to Give Notice of Defects," or any defect or irregularity in the tender as to any particular Warrants. No tender of Warrants will be deemed to be properly made until all defects and irregularities in tenders of warrants have been cured or waived. None of the Company or any other person is or will be obligated to give notice of any defects or irregularities in the tender of Warrants and none of them will incur any liability for failure to give any such notice. The Company's interpretation of the terms and conditions of the Exchange Offer, including the Letter of Transmittal, will be final and binding.

**IMPORTANT: THIS LETTER OF TRANSMITTAL TOGETHER WITH ANY SIGNATURE GUARANTEES, AND ANY OTHER REQUIRED DOCUMENTS, MUST BE RECEIVED BY THE COMPANY PRIOR TO THE EXPIRATION DATE AND CERTIFICATES FOR TENDERED WARRANTS MUST BE RECEIVED BY THE COMPANY PRIOR TO THE EXPIRATION DATE.**

Any questions or requests for assistance may be directed to the Company at its address or telephone number set forth below. Additional copies of the Exchange Offer Statement and the Letter of Transmittal may be obtained from the Company at its address and telephone number set forth below.

InfuSystem Holdings, Inc.  
31700 Research Park Drive  
Madison Heights, Michigan 48071  
(248) 291-1210  
Attention: Sean Whelan

**PAYER'S NAME: BANK OF NEW YORK MELLON**

<p><b>SUBSTITUTE</b></p> <p><b>Form W-9</b></p> <p><b>Department of the Treasury</b> <b>Internal Revenue Service</b></p> <p><b>Payer's Request for Taxpayer</b> <b>Identification Number ("TIN")</b> <b>and Certification</b></p>	<p><b>PART 1</b></p> <p>Please provide your TIN and certify by signing and dating below.</p>	<p>Social Security Number OR Employer Identification Number(s):</p> <p>_____</p> <p>_____</p>
	<p><b>PART 2</b>    <input type="checkbox"/> Exempt from Backup Withholding    <input type="checkbox"/> Awaiting TIN</p>	
	<p><b>PART 3—CERTIFICATION</b></p> <p>Under penalties of perjury, I certify that:</p> <p>The number shown on this form is my current taxpayer identification number (or I am waiting for a number to be issued to me); and</p> <p>I am not subject to backup withholding because (a) I am exempt from backup withholding, (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and</p> <p>I am a U.S. person (including a U.S. resident alien).</p> <p>CERTIFICATION INSTRUCTIONS. You must cross out item (2) in Part 3 above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you are subject to backup withholding you receive another notification from the IRS stating that you are no longer subject to backup withholding, do not cross out item (2).</p> <p>SIGNATURE _____</p> <p>NAME _____</p> <p>BUSINESS NAME _____</p> <p>(If different from above) _____</p> <p>Check appropriate box:  <input type="checkbox"/> Individual/Sole  Proprietor    <input type="checkbox"/> Corporation    <input type="checkbox"/> Partnership    <input type="checkbox"/> Other _____</p> <p>ADDRESS _____</p> <p>CITY _____ STATE _____ ZIP CODE _____</p>	

**NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF A PORTION OF ANY PAYMENT MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED "GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9" FOR ADDITIONAL DETAILS.**

**Form of Notice of Withdrawal  
INFUSYSTEM HOLDINGS, INC.**

**Offer to Exchange**

**Common Stock**

**For Any and All Outstanding Warrants Exercisable for Common Stock  
With An Exercise Price of \$5.00 per Share Expiring on April 11, 2011 (CUSIP 45685K110) of  
InfuSystem Holdings, Inc.**

**THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., EASTERN STANDARD TIME, ON MARCH 17, 2010 UNLESS THE EXCHANGE OFFER IS EXTENDED.**

The undersigned acknowledges receipt of the exchange offer statement dated February 16, 2010 (the "Exchange Offer Statement") of InfuSystem Holdings, Inc., a Delaware corporation (the "Company"), for the offer to exchange shares of the Company's common stock par value \$0.0001 per share ("Common Stock") for any or all of the Company's outstanding warrants to purchase Common Stock exercisable at \$5.00 per share (the "Warrants") of the Company that are validly tendered and not properly withdrawn under the terms and subject to the conditions set forth in the Exchange Offer Statement. All withdrawals of Securities previously tendered in the Exchange Offer (as defined in the Exchange Offer Statement) must comply with the procedures described in the Exchange Offer Statement under "The Exchange Offer—Withdrawal Rights".

The undersigned has identified in the table below the Warrants that it is withdrawing from the Exchange Offer:

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**Description of Warrants Withdrawn**

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Number of Warrants to be withdrawn:

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Date(s) such Warrants were tendered:

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**TOTAL NUMBER OF WARRANTS WITHDRAWN:**

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\* If any Warrants were tendered through The Depository Trust Company (DTC), please provide the DTC Participant Number. This form should only be used for withdrawals of Warrants delivered through DTC if the undersigned needs to withdraw Securities on the final day of the exchange offer and withdrawal through DTC is no longer available. Otherwise, the DTC form of withdrawal should be used for such Warrants.

If you tendered Warrants through DTC's Automated Tender Offer Program ("ATOP"), and you wish to withdraw your tender, you may only do so through ATOP.

**You may transmit this notice of withdrawal to the Exchange Agent, Bank of New York Mellon ("BNY Mellon"), at the address listed below:**

BNY Mellon Shareowner Services  
480 Washington Boulevard  
Jersey City, NJ 07310  
Attention: Corporate Action Department, 27th Floor

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This notice of withdrawal must be signed below by the registered holder(s) of the Warrants tendered as their names appear on the certificate(s) or on a security position listing or by person(s) authorized to become registered holder(s) by endorsements and documents transmitted with the letter of transmittal used to tender such Warrants. If signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, please set forth the full title of such persons.

Name(s): \_\_\_\_\_

Account Number(s): \_\_\_\_\_

Signature(s): \_\_\_\_\_

Capacity (full title): \_\_\_\_\_

Address (including Zip Code): \_\_\_\_\_

Area Code and Telephone Number: \_\_\_\_\_

Tax Identification or Social Security No.: \_\_\_\_\_

Dated: \_\_\_\_\_, 2010

DTC Participant Number (applicable for Warrants tendered through DTC only) \_\_\_\_\_

The Company will determine all questions as to the validity, form and eligibility (including time of receipt) of any notice of withdrawal in its sole discretion, and its determination shall be final and binding. None of the Company, the Exchange Agent or any other person is under any duty to give notice of any defects or irregularities in any notice of withdrawal and none of them will incur any liability for failure to give any such notice.

FORM OF DIRECTOR  
LOCK-UP AGREEMENT

[Date]

InfuSystem Holdings, Inc.  
31700 Research Park Drive  
Madison Heights, Michigan 48071

Re: Exchange Offer Lock-Ups for Directors

Ladies and Gentlemen:

Pursuant to the offer (the "Exchange Offer") dated February 16, 2010 by InfuSystem Holdings, Inc. (the "Company") to exchange shares of common stock par value \$0.0001 ("Common Stock") for any and all outstanding warrants to purchase Common Stock exercisable at \$5.00 per share, the undersigned, a director of the Company, agrees not to sell or otherwise transfer the shares of the Company's Common Stock received in the Exchange Offer for one year following the expiration of the Exchange Offer without the Company's consent.

*Signature:* \_\_\_\_\_

*Print Name:* \_\_\_\_\_

Number of shares received in the  
Exchange Offer

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Certificate numbers:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

InfuSystem Holdings, Inc.

NOTICE

Dated February 16, 2010

To Exchange

any and all outstanding

Warrants exercisable for Common Stock expiring April 11, 2011 with an exercise price of \$5.00 per share (CUSIP 45685K110) of InfuSystem Holdings, Inc.

**THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., EASTERN STANDARD TIME, ON MARCH 17, 2010 UNLESS THE EXCHANGE OFFER IS EXTENDED (THE "EXPIRATION DATE"). TENDERS MAY BE WITHDRAWN PRIOR TO 5:00 P.M., EASTERN STANDARD TIME, ON THE EXPIRATION DATE.**

To: *Brokers, Dealers, Commercial Banks,  
Trust Companies and other Nominees*

Enclosed for your consideration is material relating to the offer by InfuSystem Holdings, Inc. (the "Company") to exchange shares of our common stock par value \$0.0001 ("Common Stock") for any or all of our outstanding warrants to purchase common stock exercisable at \$5.00 per share ("Warrants"). This is a one-time offer and only valid during the period the Exchange Offer remains open. Each Warrant is currently exercisable into one (1) share of Common Stock for an exercise price of \$5.00. Holders of Warrants may exchange their Warrants for either:

- One (1) share of Common Stock for every thirty-five (35) Warrants tendered ("Unrestricted Option"); or
- One (1) share of Common Stock for every twenty-five (25) Warrants tendered, provided the holder agrees to be subject to the lock-up provisions described in this Exchange Offer Statement, which provide that the holder may not transfer the shares of Common Stock received for six months following the expiration of this Exchange Offer without the Company's consent ("Lock-Up Option").

You may withdraw tenders of Warrants at any time prior to the expiration of the Exchange Offer. Withdrawn Warrants may, however, be re-tendered by again following one of the appropriate procedures described in the Exchange Offer at any time prior to the expiration of the Exchange Offer.

For your information and for forwarding to your clients for whom you hold the Warrants registered in your name or in the name of your nominee, we are enclosing the following documents:

1. Exchange Offer dated February 16, 2010;
2. A printed form of letter, including a Letter of Instructions, which may be sent to your clients for whose account you hold Warrants registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Exchange Offer;
3. A Form of Notice of Withdrawal; and
4. A return envelope addressed to the Exchange Agent.

DTC participants will be able to execute tenders through the DTC Automated Tender Offer Program.

We will, upon request, reimburse brokers and dealers for reasonable and customary handling and mailing expenses accrued by them in forwarding materials relating to the Exchange Offer to their customers.

**WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE IN ORDER TO OBTAIN THEIR INSTRUCTIONS.**

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Any inquiries you may have with respect to the Exchange Offer should be addressed, or requests for additional copies of the enclosed materials, should be directed to Bank of New York Mellon (“BNY Mellon”), the Exchange Agent for the Exchange Offer at:

BNY Mellon Shareowner Services  
480 Washington Boulevard  
Jersey City, NJ 07310  
Attention: Corporate Actions Department  
Telephone: 1-800-777-3674

Very truly yours,

INFUSYSTEM HOLDINGS, INC.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY PERSON AS AGENT OF THE COMPANY OR THE DEALER MANAGER OR THE INFORMATION AGENT OR THE EXCHANGE AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THE DOCUMENTS ENCLOSED HERewith AND THE STATEMENTS CONTAINED THEREIN.

**InfuSystem Holdings, Inc.**

**NOTICE**

**Dated February 16, 2010**

**To Exchange**

**any and all outstanding**

**Warrants exercisable for Common Stock expiring April 11, 2011 with an exercise price of \$5.00 per share (CUSIP 45685K110) of InfuSystem Holdings, Inc.**

**THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., EASTERN STANDARD TIME, ON MARCH 17, 2010 UNLESS THE EXCHANGE OFFER IS EXTENDED (THE "EXPIRATION DATE"). TENDERS MAY BE WITHDRAWN PRIOR TO 5:00 P.M., EASTERN STANDARD TIME, ON THE EXPIRATION DATE.**

**To Our Clients:**

Enclosed for your consideration is an exchange offer dated February 16, 2010 (the "Exchange Offer") by InfuSystem Holdings, Inc. (the "Company") to exchange shares of our common stock \$0.0001 par value ("Common Stock") for any or all of our outstanding warrants to purchase common stock exercisable at \$5.00 per share ("Warrants"). This is a one-time offer and only valid during the period the Exchange Offer remains open. Each Warrant is currently exercisable into one (1) share of Common Stock for an exercise price of \$5.00. Holders of Warrants may exchange their Warrants for either:

- One (1) share of Common Stock for every thirty-five (35) Warrants tendered ("Unrestricted Option"); or
- One (1) share of Common Stock for every twenty-five (25) Warrants tendered, provided you agree to be subject to the lock-up provisions described in this Exchange Offer Statement, which provide that you may not transfer the shares of Common Stock received for six months following the expiration of this Exchange Offer without our consent ("Lock-Up Option").

This material is being forwarded to you as the beneficial owner of the Warrants held by us for your account but not registered in your name. A tender of such Warrants may only be made by us as the holder of record and pursuant to your instructions.

Accordingly, we request instructions as to whether you wish us to tender on your behalf the Warrants held by us for your account, pursuant to the terms and conditions set forth in the enclosed Exchange Offer.

Your instructions should be forwarded to us as promptly as possible in order to permit us to tender the Warrants on your behalf in accordance with the provisions of the Exchange Offer. Any Warrants tendered pursuant to the Exchange Offer may be withdrawn at any time before the Expiration Date.

Your attention is directed to the following:

1. The Exchange Offer is for any and all Warrants.
2. The Exchange Offer expires at 5:00 p.m., Eastern Standard Time, on March 17, 2010 unless extended by the Company.

If you wish to have us tender some or all of your Warrants, please so instruct us by completing, executing and returning to us the instruction form on the back of this letter.

You may withdraw tenders of Warrants at any time prior to the expiration of the Exchange Offer. Withdrawn Warrants may, however, be re-tendered by again following one of the appropriate procedures described in the Exchange Offer at any time prior to the expiration of the Exchange Offer.

**INSTRUCTIONS WITH RESPECT TO THE EXCHANGE OFFER**

The undersigned acknowledge(s) receipt of your letter and the enclosed material referred to therein relating to the Exchange Offer made by the Company with respect to the Warrants.

This will instruct you to tender the Warrants indicated below held by you for the account of the undersigned, upon and subject to the terms and conditions set forth in the Exchange Offer.

Warrants that are to be tendered.	
Amount of Warrants Tendered:	Select Warrant Exchange Option:
	.. Unrestricted Option
	.. Lock-Up Option

<b>PLEASE SIGN HERE</b>
(Signature)
Name(s) (Please Print)
Address
Zip Code
Area Code and Telephone No.
Area Code and Fax No.
Tax Identification or Social Security No.
My Account Number with You
Date

**InfuSystem Holdings Announces Warrant Exchange Offer**

MADISON HEIGHTS, MI—(Marketwire—02/16/10)—InfuSystem Holdings, Inc. (OTC.BB:~~INHI~~—~~News~~) (OTC.BB:~~INHIW~~—~~News~~) (OTC.BB:~~INHIU~~—~~News~~), the leading provider of ambulatory infusion pumps and associated clinical services, today announced an Offer to Exchange common stock for outstanding warrants of InfuSystem. The exchange offer begins today and expires on March 17, 2010 at 5:00 PM EST, unless extended.

Holders of InfuSystem warrants may exchange their Warrants for either:

- One (1) share of Common Stock for every thirty-five (35) Warrants tendered; or
- One (1) share of Common Stock for every twenty-five (25) Warrants tendered, provided the recipient agrees to be subject to a lock-up provision precluding transfer of the shares of Common Stock received for six months following the expiration of the Exchange Offer.

The warrants currently trade under the symbol INHIW.OB. InfuSystem currently has 35,108,219 outstanding warrants. Each warrant is currently exercisable into one (1) share of common stock for an exercise price of \$5.00, and expires on April 11, 2011.

To participate in the exchange, investors must tender their warrants in accordance with the instructions included in the Exchange Offer Statement, no later than 5:00 PM EST on March 17, 2010.

Copies of the Exchange Offer Statement will be available on the Company's website at [www.InfuSystem.com](http://www.InfuSystem.com) or can be obtained by contacting the Company at (248) 291-1210.

***Important Additional Information***

The tender offer to exchange common stock for warrants referenced in this press release has been made pursuant to a Tender Offer Statement on Schedule TO, containing an exchange offer statement, and other documents relating to the tender offer (the "Tender Offer Statement"), which InfuSystem filed with the SEC on February 16, 2010. WARRANT HOLDERS OF INFUSYSTEM ARE STRONGLY ADVISED TO READ THE TENDER OFFER STATEMENT, BECAUSE IT CONTAINS IMPORTANT INFORMATION ABOUT THE TENDER OFFER. INVESTORS AND SECURITY HOLDERS OF INFUSYSTEM ALSO ARE ADVISED THAT THEY MAY OBTAIN FREE COPIES OF THE TENDER OFFER STATEMENT AND OTHER DOCUMENTS FILED BY INFUSYSTEM WITH THE SEC ON THE SEC'S WEBSITE AT [HTTP://WWW.SEC.GOV](http://WWW.SEC.GOV).

***About InfuSystem Holdings, Inc.***

InfuSystem is the leading supplier of infusion services to oncologists and other outpatient treatment settings. The Company provides pole mounted and ambulatory pumps, supplies and related clinical, biomedical and billing services to practices and patients, nationwide. The Company's unique suite of services appeals to practices, patients and payors by improving access to clinically necessary medical equipment, while driving down costs and maximizing clinical outcomes.

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***Forward-Looking Statements***

Except for the historical information contained herein, the matters discussed in this press release are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those predicted by such forward-looking statements. These risks and uncertainties include general economic conditions, as well as other risks detailed from time to time in InfuSystem's publicly filed documents.

Contact:

Asher Dewhurst

Bob East

Westwicke Partners

(443) 213-0500

[InfuSystem@Westwicke.com](mailto:InfuSystem@Westwicke.com)