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PATIENT INFOSYSTEMS INC
Form DEFA14A
December 22, 2003

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

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

PATIENT INFOSYSTEMS, INC.
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

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

(1) Amount Previously Paid: \$856 (2) Form, Schedule or Registration Statement No.: Schedule 14A

(3) Filing Party: Patient Infossystems, Inc. (4) Date Filed: May 15, 2003

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This supplement ("Supplement") updates and supplements certain information provided in the Proxy Statement ("Proxy Statement") for the Special Meeting of Stockholders which was originally scheduled for December 9, 2003 and has been adjourned until December 31, 2003. At the Special Meeting, our stockholders will be asked to consider, among other things, a proposal to approve an amendment to

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our Certificate of Incorporation to increase our authorized capital stock so that we may complete our acquisition ("Acquisition") of substantially all of the assets of American CareSource Corporation ("ACS"). Stockholders should carefully review this Supplement and the Proxy Statement. The information in this Supplement replaces any inconsistent information in the Proxy Statement.

You can vote your shares by completing and returning the proxy card included with your Proxy Statement. You can revoke a proxy at any time prior to its exercise at the adjourned Special Meeting by following the instructions in the Proxy Statement.

Recent Developments

ACS has received written notification of the termination of contractual relations from Pinnacol Assurance, which is the largest volume provider to ACS. The termination of this contract will result in a significant reduction in ACS' revenues. ACS' revenues from Pinnacol Assurance was as follows during the years ended December 31, 2001 and 2002, respectively, and during the six months ended June 30, 2003:

| Year Ended December 31, 2001 | | Year Ended December 31, 2002 | | Six Months Ended June 30, 2003 | |
|---------------------------------|--------------------------------|---------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| Amount | Percentage of Total Revenue | Amount | Percentage of Total Revenue | Amount | Percentage of Total Revenue |
| \$1,163,041 | 45.7% | \$2,786,409 | 28.9% | \$1,936,799 | 40.5% |

ACS has a limited number of customers, a few of which account for a substantial portion of its business. During the last six months, ACS has received notice of the termination of contracts from customers representing in excess of 56% of ACS' revenues during the six months ended June 30, 2003.

During the last six months, ACS has received written notification of the termination of contractual relations from Pinnacol Assurance and two of its other customers which in the aggregate accounted for over 51% of ACS' revenues during the fiscal year ended December 31, 2002 and accounted for over 56% of ACS' revenues during the six months ended June 30, 2003. The termination of these contracts will result in a significant reduction of ACS' revenues. Although a variety of reasons may be provided for the termination of each of the customer agreements, the termination of such an extensive amount of customer business may reflect a substantial level of customer dissatisfaction with the services provided by ACS. Although Patient Infosystems believes that it can provide assistance to ACS and that as a combined company, ACS will be able to provide better services, no assurance can be given that more customers will not terminate their relationships with ACS following the closing of the Acquisition. In addition, ACS generally does not have long-term contracts with its other customers. Significant declines in the level of use of ACS services by one or more of its remaining customers could have a material adverse effect on ACS' business and results of operations. Additionally, an adverse change in the financial condition of any of these customers, including an adverse change as a result of a change in governmental or private reimbursement programs, could have a material adverse effect on its business.

Decrease in Number of Shares to be Issued to ACS

As consideration for substantially all of ACS' assets, we had agreed to issue 18,000,000 shares of our common stock to ACS (1,500,000 shares after

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giving effect to the 1 for 12 reverse stock split which is also discussed in the Proxy Statement). As a result of, among other things, the recent developments disclosed above, we have agreed with ACS that we will issue only 13,200,000 shares of our common stock (1,100,000 shares after giving effect to the 1 for 12 reverse stock split) to ACS upon closing of the Acquisition. To the extent that fewer shares of our common stock will be issued, there will be a corresponding decrease in total stockholders' equity. In reviewing the information provided in the Proxy Statement, stockholders should consider the decrease in consideration provided to ACS and the corresponding reduction in pro forma total stockholders' equity from \$1,919,014 to \$1,247,014 as a result of the reduction in the purchase consideration.