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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM 10-Q**

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended July 31, 2010**

or

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number: 0-28132**

**STREAMLINE HEALTH SOLUTIONS, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

31-1455414  
(I.R.S. Employer  
Identification No.)

10200 Alliance Road, Suite 200  
Cincinnati, Ohio 45242-4716  
(Address of principal executive offices) (Zip Code)

(513) 794-7100  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares of Registrant's Common Stock (\$.01 par value per share) issued and outstanding, as of September 9, 2010: 9,752,284.

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## PART I. FINANCIAL INFORMATION

## Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STREAMLINE HEALTH SOLUTIONS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

## Assets

	(Unaudited) July 31, 2010	(Audited) January 31, 2010
<b>Current assets:</b>		
Cash and cash equivalents	\$ 580,574	\$ 1,025,173
Accounts receivable, net of allowance for doubtful accounts of \$150,000 and \$100,000, respectively	2,036,329	1,922,279
Contract receivables	1,071,707	1,182,308
Prepaid hardware and third party software for future delivery	148,026	149,281
Prepaid other, including prepaid customer maintenance contracts	1,473,427	1,363,332
Deferred income taxes	224,000	224,000
Total current assets	<u>5,534,063</u>	<u>5,866,373</u>
<b>Property and equipment:</b>		
Computer equipment	3,158,277	2,987,039
Computer software	1,896,255	1,816,397
Office furniture, fixtures and equipment	747,867	747,867
Leasehold improvements	582,429	574,257
	6,384,828	6,125,560
Accumulated depreciation and amortization	<u>(4,756,133)</u>	<u>(4,344,432)</u>
	1,628,695	1,781,128
Contract receivables, less current portion	226,431	146,093
Capitalized software development costs, net of accumulated amortization of \$11,665,809 and \$10,411,828, respectively	8,069,311	8,049,292
Other, including deferred income taxes of \$1,651,000 and \$1,651,000, respectively	1,678,686	1,681,661
	<u>\$ 17,137,186</u>	<u>\$ 17,524,547</u>

See Notes to Condensed Consolidated Financial Statements.

STREAMLINE HEALTH SOLUTIONS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

## Liabilities and Stockholders' Equity

	(Unaudited) July 31, 2010	(Audited) January 31, 2010
<b>Current liabilities:</b>		
Accounts payable	\$ 687,920	\$ 887,928
Accrued compensation	673,753	559,235
Accrued other expenses	373,900	476,504
Current portion of capital lease obligation	195,387	249,309
Current portion of deferred revenues	4,956,267	4,956,303
Total current liabilities	<u>6,887,227</u>	<u>7,129,279</u>
Deferred revenues, less current portion	273,745	602,239
Line of credit	2,000,000	900,000
Capital lease, less current portion	132,299	161,666
Total Liabilities	<u>9,293,271</u>	<u>8,793,184</u>
<b>Stockholders' equity:</b>		
Convertible redeemable preferred stock, \$.01 par value per share 5,000,000 shares authorized, no shares issued	—	—
Common stock, \$.01 par value per share, 25,000,000 shares authorized, 9,752,284 and 9,436,824 shares issued, respectively	97,523	94,368
Additional paid in capital	36,527,467	36,160,126
Accumulated other comprehensive income	—	5,620
Accumulated deficit	<u>(28,781,075)</u>	<u>(27,528,751)</u>
Total stockholders' equity	<u>7,843,915</u>	<u>8,731,363</u>
	<u>\$ 17,137,186</u>	<u>\$ 17,524,547</u>

See Notes to Condensed Consolidated Financial Statements.

STREAMLINE HEALTH SOLUTIONS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONSThree and Six Months Ended July 31,  
(Unaudited)

	Three Months		Six Months	
	2010	2009	2010	2009
<b>Revenues:</b>				
Systems sales	\$ 960,880	\$ 440,539	\$ 1,111,318	\$ 787,583
Services, maintenance and support	2,830,935	2,800,732	5,374,510	5,516,973
Application-hosting services	884,662	828,222	1,734,665	1,515,736
Total revenues	<u>4,676,477</u>	<u>4,069,493</u>	<u>8,220,493</u>	<u>7,820,292</u>
<b>Operating expenses:</b>				
Cost of systems sales	780,506	768,035	1,518,395	1,433,695
Cost of services, maintenance and support	1,378,778	1,315,986	2,760,988	2,380,116
Cost of application-hosting services	472,098	363,848	929,126	795,653
Selling, general and administrative	1,505,863	1,255,162	3,203,440	2,470,132
Product research and development	567,147	383,943	1,037,318	730,190
Total operating expenses	<u>4,704,392</u>	<u>4,086,974</u>	<u>9,449,267</u>	<u>7,809,786</u>
Operating profit (loss)	(27,915)	(17,481)	(1,228,774)	10,506
<b>Other income (expense):</b>				
Interest expense	(34,001)	(10,651)	(56,336)	(18,117)
Other income (expense)	(9,023)	16,183	42,786	19,003
Earnings (loss) before taxes	(70,939)	(11,949)	(1,242,324)	11,392
Income taxes	(5,000)	(6,000)	(10,000)	(13,000)
Net loss	<u>\$ (75,939)</u>	<u>\$ (17,949)</u>	<u>\$ (1,252,324)</u>	<u>\$ (1,608)</u>
Basic net loss per common share	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.13)</u>	<u>\$ (0.00)</u>
Diluted net loss per common share	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.13)</u>	<u>\$ (0.00)</u>
<b>Number of shares used in per common share computations:</b>				
Basic	<u>9,506,904</u>	<u>9,379,237</u>	<u>9,460,911</u>	<u>9,367,144</u>
Diluted	<u>9,506,904</u>	<u>9,379,237</u>	<u>9,460,911</u>	<u>9,367,144</u>

See Notes to Condensed Consolidated Financial Statements.

STREAMLINE HEALTH SOLUTIONS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWSSix Months Ended July 31,  
(Unaudited)

	2010	2009
Operating activities:		
Net loss	\$ (1,252,324)	\$ (1,608)
Adjustments to reconcile net earnings (loss) to net cash (used in) provided by operating activities:		
Loss on disposal of fixed assets	—	4,308
Long-term lease incentive	—	(48,842)
Depreciation and amortization	1,708,706	1,338,653
Share-based compensation	243,104	130,176
Provision for accounts receivable	50,000	—
Changes in assets and liabilities:		
Accounts and contract receivables	(133,787)	70,560
Other current assets	(114,459)	(175,275)
Accounts payable and accrued expenses	(188,093)	142,283
Deferred revenues	(328,530)	(726,843)
Net cash (used in) provided by operating activities	<u>(15,383)</u>	<u>733,412</u>
Investing activities:		
Purchases of property and equipment	(302,292)	(374,114)
Capitalization of software development costs	(1,274,000)	(2,020,000)
Other	2,974	15,205
Net cash used in investing activities	<u>(1,573,318)</u>	<u>(2,378,909)</u>
Financing activities:		
Proceeds from stock purchase plan and exercise of stock options	127,391	58,400
Net change in bank line of credit	1,100,000	—
Payments on capital lease	(83,289)	—
Net cash provided by financing activities	<u>1,144,102</u>	<u>58,400</u>
Increase (decrease) in cash and cash equivalents	(444,599)	(1,587,097)
Cash and cash equivalents at beginning of period	1,025,173	3,128,801
Cash and cash equivalents at end of period	<u>\$ 580,574</u>	<u>\$ 1,541,704</u>
Supplemental cash flow disclosures:		
Interest paid	<u>\$ 30,664</u>	<u>\$ 17,989</u>
Income taxes paid	<u>\$ 16,534</u>	<u>\$ 9,686</u>

See Notes to Condensed Consolidated Financial Statements.

**STREAMLINE HEALTH SOLUTIONS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited)

**NOTE A — BASIS OF PRESENTATION**

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared by Streamline Health Solutions, Inc. (“Streamline Health® or the Company”), pursuant to the rules and regulations applicable to quarterly reports on Form 10-Q of the U. S. Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Condensed Consolidated Financial Statements have been included. These Condensed Consolidated Financial Statements should be read in conjunction with the financial statements and notes thereto included in the most recent Streamline Health Solutions, Inc. Annual Report on Form 10-K, Commission File Number 0-28132. Operating results for the three and six months ended July 31, 2010, are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2011.

**NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the Company’s significant accounting policies is presented beginning on page 45 of its fiscal year 2010 Annual Report on Form 10-K. Users of financial information for interim periods are encouraged to refer to the footnotes contained in the Annual Report when reviewing interim financial results.

*Useful Lives of Capitalized Software Development Costs*

In the fourth quarter of fiscal 2009 the Company made its fifth generation software, accessANYware 5.0, generally available. In the first quarter of fiscal 2010, subsequent to the release, the Company completed a review by product of the estimated useful lives of its capitalized software development costs. After reviewing strategic plans, analyzing the historical useful life of the software products, forecasting product life cycles and demand expectations, the Company assigned a five year estimated useful life for costs capitalized for accessANYware 5.0, and revised the estimated useful lives of certain other products from three years to five years.

The product life cycle for accessANYware versions prior to the latest version 5.0, have lasted longer than five years. Historical product and customer data shows that many customers remain on the same primary version for five years or more after purchase, or product support and development continue for five years or more. The Company expects accessANYware 5.0 to also have a five year or longer product life cycle based on this historical data, and the estimated product development lifecycle. In addition, the useful life of the unamortized balance of development costs for prior accessANYware versions should also reflect an approximate five year life from their documented general release dates. The Company intends to actively sell and support these products for a minimum five years while version 5.0 is being rolled out. This same policy will be applied to FolderView as it is generally a primary add-on component to accessANYware, and has had a similar historical life cycle. Upon Company review of the revenue projections, the estimated life cycle of accessANYware 5.0, and the remaining life cycle for prior accessANYware and FolderView releases, a five year estimated life is reasonable and proper.



The Company accounted for the change in useful life as a change in accounting estimate which is accounted for on a prospective basis effective February 1, 2010. For the three and six months ended July 31, 2010 the change resulted in a reduction of amortization expense of approximately \$251,000 and \$502,000, respectively; an increase in income from continuing operations and net income of \$251,000 and \$502,000, respectively; and a decrease in basic and diluted loss per share of \$0.02 and \$0.06, respectively. Amortization expense for capitalized software development costs is included in cost of system sales in the consolidated statement of operations.

**NOTE C — EQUITY AWARDS**

Compensation expense is recognized over the requisite service period for awards of equity instruments to employees based on the grant-date fair value of those awards expected to ultimately vest (with limited exceptions). Forfeitures are estimated on the date of the grant and revised if actual or expected forfeiture activity differs materially from original estimates.

During the first six months of the current fiscal year, the Company granted 140,000 options with a weighted average exercise price of \$1.84 per share. During the same period 71,000 options expired with an average exercise price of \$1.86 per share and 77,000 options were exercised under all plans at an average exercise price of \$1.27 per share.

The fair value of each option grant during the quarter ended July 31, 2010 was estimated at the date of the grants using a Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 2.50%, a dividend yield of zero percent; and a current weighted average volatility factor of the expected market price of Streamline Health's Common Stock of 0.541 in 2010. The weighted average expected life of stock options are five years and have a forfeiture rate of zero.

During the first six months of the current fiscal year, the Company granted 209,000 restricted stock shares with a weighted average fair value of \$1.94 per share. These shares are subject to the 2005 Incentive Compensation Plan as amended, and are granted to certain independent members of the Board of Directors and employees. The shares have an approximate one-year restriction period. During the same period 25,000 restricted shares had their restriction period lapse; these shares had a weighted average fair value of \$2.95 per share. In addition, 1,600 shares were forfeited prior to the lapse of the restriction period; these shares had a weighted average fair value of \$2.00 per share.

**NOTE D — EARNINGS PER SHARE**

The basic earnings (loss) per common share are calculated using the weighted average number of common shares outstanding during the period.

The fiscal 2010 and 2009 diluted net (loss) per common share calculation, excludes the effect of the common stock equivalents (stock options and restricted stock), as the inclusion thereof would be antidilutive. The Company had 847,000 and 667,000 equity award shares outstanding at July 31, 2010 and 2009, respectively that were not included in the diluted net (loss) per share calculation, as the inclusion thereof would be antidilutive.

**NOTE E — CONTRACTUAL OBLIGATIONS**

The following table details the remaining obligations, by fiscal year, as of the end of the quarter:

	<u>Line of Credit</u>	<u>Operating Leases</u>	<u>Capital Lease</u>	<u>Fiscal Year Totals</u>
2010	\$ —	233,000	115,000	\$ 348,000
2011	2,000,000	396,000	250,000	2,646,000
2012	—	334,000	—	334,000
2013	—	320,000	—	320,000
2014	—	329,000	—	329,000
Thereafter	—	164,000	—	164,000
Total	<u>\$ 2,000,000</u>	<u>1,776,000</u>	<u>365,000</u>	<u>\$ 4,141,000</u>

On June 21, 2010, the Company entered into a Second Amendment to Lease Agreement with Alliance Street, LLC for the Company's principal executive offices. The term of the lease has been extended for a five year term expiring July 31, 2015.

On June 16, 2010 the Company entered into a minimum five year economic development incentive agreement with the City of Blue Ash, Ohio. This incentive agreement allows the Company to draw up to \$130,000 for critical business functions. The terms of the agreement allow for any balance drawn to be forgiven by the City of Blue Ash upon meeting certain employment criteria. No balance is outstanding as of July 31, 2010.

**NOTE F — DEBT**

On October 21, 2009, the Company entered into an amended and restated revolving note with Fifth Third Bank, Cincinnati, OH. The terms of the loan remain the same as set forth in the revolving note entered into on July 31, 2008, as amended on January 6, 2009, except as follows: (i) the maximum principal amount that can be borrowed was increased to \$2,750,000 from the prior maximum amount of \$2,000,000; (ii) the maturity date of the loan has been extended to October 1, 2011 from August 1, 2010; and (iii) the interest rate on the outstanding principal balance will accrue at an annual floating rate of interest equal to the Adjusted Libor Rate (as defined in the revolving note) plus 3.25%. The interest rate on the note was 3.625% at July 31, 2010.

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In connection with the entering into of the revised revolving note, the Company also entered into an amended and restated continuing guaranty agreement. The terms of the continuing guaranty agreement remain the same as set forth in the guaranty agreement entered into on July 31, 2008, as amended on January 6, 2009, except that the covenant that formerly required the Company to maintain certain levels of minimum tangible net worth has been eliminated.

The note also continues to be secured by a first lien on all of the assets of the Company pursuant to security agreements entered into by the Company.

The Company was in compliance with all of the covenants at July 31, 2010. The Company pays a commitment fee on the unused portion of the facility of 0.06%. The Company had outstanding borrowings of \$2,000,000 under this revolving loan as of July 31, 2010.

### **NOTE G — FOREIGN CURRENCY**

Foreign currency hedge instruments are from time to time used to partially offset its business exposure to foreign exchange risk of the Canadian dollar for the Company's transactions with a current Canadian customer. The Company may enter into foreign currency forward and option contracts to offset some of the foreign exchange risk of expected future cash flows on certain forecasted revenue and cost of sales, and on certain existing accounts receivable and payable. However, the Company may choose not to hedge certain foreign exchange exposures for a variety of reasons, including but not limited to immateriality. There were no outstanding foreign currency forward contracts at July 31, 2010.

**Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

In addition to historical information contained herein, this Report on Form 10-Q contains forward-looking statements relating to the Company’s plans, strategies, expectations, intentions, etc. and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements contained herein are no guarantee of future performance and are subject to certain risks and uncertainties that are difficult to predict and actual results could differ materially from those reflected in the forward-looking statements. These risks and uncertainties include, but are not limited to, the timing of contract negotiations and executions and the related timing of the revenue recognition related thereto, the potential cancellation of existing contracts or clients not completing projects included in the backlog, the impact of competitive products and pricing, product demand and market acceptance, new product development, key strategic alliances with vendors that resell Streamline Health solutions, the ability of Streamline Health to control costs, availability of products obtained from third-party vendors, the healthcare regulatory environment, potential changes in legislation, regulatory and government funding affecting the healthcare industry, healthcare information system budgets, availability of healthcare information systems trained personnel for implementation of new systems, as well as maintenance of legacy systems, fluctuations in operating results and other risk factors that might cause such differences including those discussed herein, and including, effects of critical accounting policies and judgments, changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other similar entities, changes in economic, business and market conditions impacting the healthcare industry, the markets in which the Company operates and nationally, and the Company’s ability to maintain compliance with the terms of its credit facilities, but not limited to, discussions in the most recent Form 10-K, Part I, “Item 1. Business”, “Item 1A. Risk Factors”, Part II, “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Item 8. Financial Statements and Supplemental Data.” In addition, other written or oral statements that constitute forward-looking statements may be made by or on behalf of the Company. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management’s analysis only as of the date thereof. The Registrant undertakes no obligation to publicly revise these forward-looking statements, to reflect events or circumstances that arise after the date hereof. Readers should carefully review the risk factors described in this and other documents Streamline Health Solutions, Inc. files from time to time with the Securities and Exchange Commission, including future Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K.

Streamline Health’s discussion and analysis of its financial condition and results of operations are based upon its consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires Streamline Health to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent liabilities. On an ongoing basis, Streamline Health evaluates its estimates, including those related to product revenues, bad debts, capitalized software development costs, income taxes, support contracts, contingencies, and litigation. Streamline Health bases its estimates on historical experience and on various other assumptions that Streamline Health believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and revenue and expense recognition. Actual results may differ from these estimates under different assumptions or conditions.

## General

Founded in 1989, Streamline Health Solutions, Inc. (“Streamline Health®” or the “Company”) is a healthcare information technology company, which is focused on developing and licensing proprietary software solutions that improve document-centric information flows and complement and enhance existing transaction-centric hospital healthcare information systems. In addition Streamline Health provides consulting services specializing in enterprise connectivity, systems integration, and departmental process improvement. The Company sells its products and services in North America through its direct sales force, and its reseller partnerships. The Company also sells to direct remarketers, hospitals, clinical and ambulatory services.

Document imaging and workflow management technologies like those provided by Streamline Health are essential elements of a complete Electronic Health Record because they allow for the storage of unstructured data. Unstructured data may consist of patient record elements other than discrete data, such as hand written physician or nursing notes and physician orders, photographs, audio, video, and outside correspondence.

Streamline Health’s solutions create a permanent document-based repository of historical health information that is complementary and can be seamlessly integrated with existing disparate clinical, financial and administrative information systems, providing convenient electronic access to all forms of patient information from any location, including secure web-based access. These integrated solutions allow providers and administrators to link existing systems with documents, which can dramatically improve the availability of patient information while decreasing direct costs associated with document retrieval, work-in-process, chart processing, document retention, and archiving.

Healthcare providers have significant need to streamline document-centric information flows to eliminate business process friction points. Streamline Health’s vision for its customers is a fully integrated business process across departments, vendors and existing clinical, billing and administrative applications. These comprehensive, cost-effective information systems deliver rapid access to fully updated and complete patient information. Streamline Health’s strategy is to remain a leader in document management and workflow technologies that supplement the existing Clinical Information System, and provide cost savings and enhanced safety through improved access to critical patient data. The Company’s systems and services can also help a provider’s existing system to achieve “meaningful use” under the HITECH provisions of the American Recovery and Reinvestment Act of 2009 (ARRA). These benefits encourage physicians to adopt the Company’s solutions because of convenient access to documents not typically available in data-centric clinical information systems.

The Company operates primarily in one segment as a provider of health information technology solutions that streamline healthcare information flows within the healthcare facility. The financial information required by Item 101(b) of Regulation S-K is contained in Item 6. Selected Financial Information section of the Company’s January 31, 2010 Form 10-K.

## Executive Overview

In 2009, the Company successfully made its fifth-generation software architecture (accessANYware 5.0) generally-available. This development effort included the consolidation of technology platforms onto the Microsoft.NET platform, and also the internationalization of the software to reach international markets. This internationalization specifically included French Canadian language capabilities as part of Streamline Health's agreements with the Centre hospitalier de l'Université de Montréal (CHUM), the McGill University Health Centre (MUHC), and L'Agence de la santé et des sociaux de Montreal (l'Agence) via our distribution partner Telus Health. Prior versions of accessANYware are still available for sale, and the Company continues to provide full product support for prior versions, as we anticipate several years before all existing accessANYware customers complete a transition to accessANYware 5.0. The Company will roll out accessANYware 5.0 over the next several years. We have had positive reception to the product at the installed locations in Canada, and the Company's sales team is actively informing new and existing customers of its benefits.

In 2009, the Company established a Business Process Management (BPM) consulting services division to take advantage of what the Company believes is a significant growth opportunity to provide departmental document workflow solutions and Business Process Optimization Services. Many industry consultants believe healthcare organizations face an ever increasing demand to improve business processes and reduce costs, especially in the current economic climate. Business Process Management is a proven discipline which allows organizations to improve their business operations by identifying, automating and optimizing existing labor-intensive business processes that cause bottlenecks and inefficiencies. In February of 2010, the company entered into an agreement with the Children's National Medical Center to provide BPM services to customize an enterprise audit compliance solution, AuditACE™. In addition to this strategic customer, the Company has had a positive response from other customers who are looking for ways to help manage the growing federal, state mandates and payer requirements for audit compliance. The Company views this service offering as a potential driver of significant growth.

Streamline Health experienced a growth in application-hosting services contracts over the past two fiscal years. Many organizations in the current health information technology marketplace are shifting from licensed software which is locally installed in the health care organization's data center to hosted software solutions installed in the Streamline Health hosting center. As capital markets have been tight, it is often advantageous for healthcare providers to explore hosted solutions which have limited initial capital outlays. In addition, ARRA has provisions which increase the financial benefits to the hospitals who achieve "meaningful use" of health information technology in the near term. Coinciding with the release of accessANYware 5.0, and market climates observed, the Company has made a dramatic shift in strategy towards our hosted delivery model. A desirable byproduct of the hosted model is much better visibility for future revenue streams based on backlog fulfillment from hosted contracts over typical five year or more contract periods; as well as a high percentage of contract renewals after the initial term. As we continue to gain traction in our hosted recurring revenue model, traditional license sales can provide a significant impact to our operating results. The Company believes this combination is key to our long term success and return on investment for the Company's stockholders. In the near term, management's intention is to measure its success by revenue and revenue backlog, and level of earnings before interest, taxes, depreciation and amortization (EBITDA), rather than net profits.

## Operating Results

New bookings for the quarter, excluding maintenance services, were in excess of \$2 million. These new bookings consisted of a new enterprise license contract, a large add-on enterprise license sale, and three Business Process Management (BPM) departmental workflow solutions. Bookings reflect the aggregate of signed contracts and/or completed customer purchase orders approved and accepted by the Company as binding commitments to purchase its products and/or services. New bookings do not include maintenance services as these tend to be recurring in nature on an annual or more frequent basis.

The Company recognized revenues in the three and six month period ending July 31, 2010 of \$4,676,000 and \$8,220,000, compared to \$4,069,000 and \$7,820,000 in the comparable prior period. The increased revenues recognized over the prior three and six month periods are derived primarily from an increase in proprietary software systems sales, as well as recurring revenues recognized from application-hosting and maintenance revenues. The Company incurred operating losses in the three and six month period ending July 31, 2010 of \$28,000 and \$1,229,000 respectively. Comparatively, the Company incurred a loss of \$17,000 and operating profit of \$11,000 respectively, for the three and six month periods ending July 31, 2009. Operating expenses in the three and six month period ending July 31, 2010 were \$4,704,000 and \$9,449,000 respectively, compared to \$4,087,000 and \$7,810,000 in the comparable prior three and six month periods. The increase in operating expenses was due to several factors including an increase in amortization of capitalized software development costs. This increase in amortization expense is primarily due to the general release of accessANYware 5.0 in late fiscal 2009. In addition to amortization expense, the Company increased investments made in professional services staffing, customer, professional fees, and increased compensation expenses.

The Company's revenues from proprietary systems sales have varied, and may continue to vary, significantly from quarter-to-quarter because of the volume and timing of systems sales and delivery. Professional services revenues also fluctuate from quarter-to-quarter because of the timing of the implementation services, project management, and timing of the recognition of revenues under generally accepted accounting principles. Conversely, revenues from hosted systems sales, and maintenance services do not fluctuate significantly from quarter-to-quarter, but have been increasing, on an annual basis, as the number of customers increase. Substantial portions of the operating expenses are fixed; therefore operating profits are expected to vary depending on the factors that drive fluctuations in revenues and the mix of proprietary versus hosted contracts sold.

**Quarterly Statement of Operations(1)**

	Three Months Ended July 31,		Six Months Ended July 31,	
	2010	2009	2010	2009
Systems sales	20.5%	10.8%	13.5%	10.1%
Services, maintenance and support	60.5	68.8	65.4	70.5
Application-hosting services	19.0	20.4	21.1	19.4
Total revenues	100.0	100.0	100.0	100.0
Cost of sales	56.3	60.2	63.4	58.9
Selling, general and administrative	32.2	30.8	39.0	31.6
Product research and development	12.1	9.4	12.6	9.3
Total operating expenses	100.6	100.4	114.9	99.9
Operating profit (loss)	(0.6)	(0.4)	(14.9)	0.1
Other income (expense), net	(1.0)	—	(0.3)	—
Income tax net benefit	—	—	(0.1)	(0.1)
Net earnings (loss)	(1.6)%	(0.4)%	(15.2)%	0.0%
Cost of systems sales	81.2%	174.3	136.6%	182.0%
Cost of services, maintenance and support	48.7%	47.0%	51.4%	43.1%
Cost of application-hosting services	53.4%	43.9%	53.6%	52.5%

(1) Because a significant percentage of the operating costs are incurred at levels that are not necessarily correlated with revenue levels, a variation in the timing of systems sales and installations and the resulting revenue recognition can cause significant variations in operating results. As a result, period-to-period comparisons may not be meaningful with respect to the past operations nor are they necessarily indicative of the future operations of Streamline Health in the near or long-term. The data in the table is presented solely for the purpose of reflecting the relationship of various operating elements to revenues for the periods indicated.

**Backlog**

Backlog consisted of the following (in thousands):

	July 31, 2010	April 30, 2010	January 31, 2010	July 31, 2009
Streamline Health software licenses	\$ 174	\$ 188	\$ 201	\$ 2,012
Custom software	62	107	105	166
Hardware and third party software	95	145	171	407
Professional services	3,981	3,800	3,977	3,805
Application-hosting services	8,818	9,310	9,414	11,634
Recurring maintenance	5,788	5,078	5,987	5,373
Total	\$ 18,918	18,628	\$ 19,855	\$ 23,397

At July 31, 2010 Streamline Health has master agreements and purchase orders from customers and remarketing partners for systems and related services (excluding support and maintenance, and transaction-based application-hosting revenues), which have not been delivered or installed and if fully performed, would generate future revenues of approximately \$18,918,000 compared with \$23,397,000 at July 31, 2009. The related systems and services are expected to be delivered over the next two to three years. The overall decrease in the backlog as compared to July 31, 2009 is primarily the result of the recognition of revenues relating to the release of accessANYware 5.0 in the fourth quarter of fiscal 2009, along with the continued recognition of backlogged revenues relating to professional services, hardware and software for the Canadian client and others, as well as the recognition in fiscal 2009 of maintenance revenue from one long term maintenance contract for one large customer.



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At July 31, 2010, Streamline Health had maintenance agreements or purchase orders, from customers and remarketing partners, which if fully performed, will generate future revenues of approximately \$5,788,000 compared with \$5,373,000 at July 31, 2009, through their respective renewal dates in fiscal year 2010 and 2011. The increase results primarily from the signing of new proprietary software sales contracts during the second half of fiscal 2009, and in the first half of fiscal 2010.

At July 31, 2010, Streamline Health has entered into application-hosting agreements, which are expected to generate revenues in excess of \$8,818,000 through their respective renewal dates in fiscal years 2010 through 2015. The application-hosting backlog decreased from the \$11,634,000 at July 31, 2009, due to the continued recognition of revenues from contracts signed in fiscal 2008 and 2009, and decreased volume of new application-hosting business through the end of the second quarter.

The commencement of revenue recognition varies depending on the size and complexity of the system, the implementation schedule requested by the customer, and usage by customers of the application-hosting services. Therefore, it is difficult for the Company to accurately predict the revenue it expects to achieve in any particular period. Streamline Health's master agreements generally provide that the customer may terminate its agreement upon a material breach by Streamline Health, or may delay certain aspects of the installation. There can be no assurance that a customer will not cancel all or any portion of a master agreement or delay installations. A termination or installation delay of one or more phases of an agreement, or the failure of Streamline Health to procure additional agreements, could have a material adverse effect on Streamline Health's business, financial condition, and results of operations.

Streamline Health believes a large percentage of its future revenues will come from its remarketing agreements in place with health information systems vendors. The Company continues to actively pursue remarketing agreements with other companies.

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### Revenues

Revenues consisted of the following (in thousands):

	<b>For the Three Months Ended July 31,</b>		<b>Dollars Change</b>	<b>Percent Change</b>
	<b>2010</b>	<b>2009</b>		
Proprietary software (1)	\$ 674	\$ 91	\$ 583	641%
Hardware & third party software (1)	287	349	(62)	(18%)
Professional services (2)	928	953	(25)	(3%)
Maintenance & support (2)	1,902	1,848	54	3%
Application-hosting services	885	828	57	7%
Total Revenues	<u>\$ 4,676</u>	<u>\$ 4,069</u>	<u>\$ 607</u>	15%

	<b>For the Six Months Ended July 31,</b>		<b>Dollars Change</b>	<b>Percent Change</b>
	<b>2010</b>	<b>2009</b>		
Proprietary software (1)	\$ 702	\$ 134	\$ 568	424%
Hardware & third party software (1)	409	653	(244)	(37%)
Professional services (2)	1,587	1,755	(168)	(10%)
Maintenance & support (2)	3,787	3,762	25	1%
Application-hosting services	1,735	1,516	219	14%
Total Revenues	<u>\$ 8,220</u>	<u>\$ 7,820</u>	<u>\$ 400</u>	5%

- (1) Proprietary software and hardware are the components of the system sales line item
- (2) Professional services and maintenance & support are the components of the service, maintenance and support line item. BPM consulting services are included in professional services.

The quarterly, and year-to-date increase in revenues was primarily the result of two large proprietary software sales during the second quarter, and continued recognition of backlog revenues from hosted contracts. Professional service and hardware and third party software sales decreased primarily from customer delays, and decreases in the volume of hardware upgrades by existing clients, or delays in the purchase of hardware and third party software.

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### *Operating Expenses*

Operating expenses consisted of the following (in thousands):

	<b>For the Three Months Ended July 31,</b>		<b>Dollars Change</b>	<b>Percent Change</b>
	<b>2010</b>	<b>2009</b>		
Cost of system sales	\$ 780	\$ 768	\$ 12	2%
Cost of services, maintenance and support	1,379	1,316	63	5%
Cost of application-hosting	472	364	108	30%
Total cost of sales	\$ 2,631	\$ 2,448	\$ 183	8%
Selling, general, and administrative	1,506	1,255	251	20%
Research and development	567	384	183	48%
Total operating expenses	\$ 4,704	\$ 4,087	\$ 617	15%

	<b>For the Six Months Ended July 31,</b>		<b>Dollars Change</b>	<b>Percent Change</b>
	<b>2010</b>	<b>2009</b>		
Cost of system sales	\$ 1,518	\$ 1,434	\$ 84	6%
Cost of services, maintenance and support	2,761	2,380	381	16%
Cost of application-hosting	929	796	133	17%
Total cost of sales	\$ 5,208	\$ 4,610	\$ 598	13%
Selling, general, and administrative	3,204	2,470	734	30%
Research and development	1,037	730	307	42%
Total operating expenses	\$ 9,449	\$ 7,810	\$ 1,639	21%

Cost of systems sales includes amortization of capitalized software expenditures, royalties, and the cost of third-party hardware and software. The increase in the cost of systems sales during the three and six month periods ended July 31, 2010, over the prior comparable quarter, is primarily the result of the increases in amortization of capitalized software development costs due to the general release of accessANYware 5.0. Additionally, this was offset by reduced hardware and third party software sales and the associated direct costs.

Cost of services, maintenance and support includes compensation and benefits for support and professional services personnel and the cost of third party maintenance contracts. The increase is primarily due to the increased investment in professional services staff and support for continued growth of the BPM services.

The increases in the cost of application-hosting services operations over the three and six months ended July 31, 2010, over the prior comparable period, are primarily attributable to increased compensation, depreciation and third party license and maintenance expenses as a result of the growing hosting center operations, as well as typical annual cost increases.

*Selling, General and Administrative Expense*

Selling, General and Administrative expenses consist primarily of compensation and related benefits and reimbursable travel and living expenses related to the Company's sales, marketing and administrative personnel; advertising and marketing expenses, including trade shows and similar type sales and marketing expenses; and general corporate expenses, including occupancy costs. This increase over the respective comparable prior periods is due to the investment in customer initiatives; increases in commissions and other compensation expenses; re-instatement of bonuses; increased bad debt expense; severance costs; and professional fees relating to increased compliance and administration costs.

*Product Research and Development Expense*

Product research and development costs are summarized as follows (in thousands):

	<b>For the Three Months Ended July 31,</b>		<b>Dollars Change</b>	<b>Percent Change</b>
	<b>2010</b>	<b>2009</b>		
Research and development expense	\$ 567	\$ 384	\$ 183	48%
Capitalized research and development cost	578	1,071	(493)	(46)%
Total R&D Cost	<u>\$ 1,145</u>	<u>\$ 1,455</u>	<u>\$ (310)</u>	<u>(21)%</u>

	<b>For the Six Months Ended July 31,</b>		<b>Dollars Change</b>	<b>Percent Change</b>
	<b>2010</b>	<b>2009</b>		
Research and development expense	\$ 1,037	\$ 730	\$ 307	42%
Capitalized research and development cost	1,274	2,020	(746)	(37)%
Total R&D Cost	<u>\$ 2,311</u>	<u>\$ 2,750</u>	<u>\$ (439)</u>	<u>(16)%</u>

Product research and development expenses consist primarily of compensation and related benefits; the use of independent contractors for specific near-term development projects; and an allocated portion of general overhead costs, including occupancy. Research and development expenses increased from the prior comparable quarter, primarily due to a decrease in costs eligible for capitalization. However, the decrease in total research and development cost for the three and six month period ended July 31, 2010 over the prior comparable period is the result of the reduced resources necessary for research and development efforts, subsequent to the release of accessANYware 5.0 in the fourth quarter of fiscal 2009.

*Operating Profit (loss)*

The Company incurred operating losses of \$28,000 and \$1,229,000 for the three and six month period ended July 31, 2010. Comparatively, during the prior three and six month periods, the Company incurred an operating loss of \$17,000 and an operating profit of \$11,000, respectively. Increases in proprietary software sales and recurring application-hosting revenues were offset by increased investment in customer initiatives, increased compensation, and increased expense relating to amortization of capitalized software development costs, contributed to the losses for the three and six month periods ending July 31, 2010.

*Other Expense*

Interest expense for the three and six months ended July 31, 2010 was \$34,000 and \$56,000 respectively, compared to \$11,000 and \$18,000 in the comparable prior periods. The increase in interest expense was related to the working capital facility interest and fees. The increase in the interest expense results primarily from a larger average balance outstanding than in the prior comparable periods and the interest from the capital lease for equipment entered into in January 2010.

*Provision for Income Taxes*

The tax provision in the first quarter of fiscal 2010 and 2009 is comprised of primarily state and local provisions.

*Net loss*

The Company incurred net losses of \$76,000 and \$1,252,000 in the three and six month periods ended July 31, 2010, compared to net losses of \$18,000 and \$2,000 in the comparable prior periods ended July 31, 2009. Increases in proprietary software sales and recurring application-hosting revenues were offset by increased investment in customer initiatives, compensation, and increased expense relating to amortization of capitalized software development costs, which contributed to the loss for the current three and six month periods.

**Liquidity and Capital Resources**

Traditionally, Streamline Health has funded its operations, working capital needs, and capital expenditures primarily from a combination of cash generated by operations, bank loans, and revolving lines of credit. Streamline Health's liquidity is dependent upon numerous factors including: (i) the timing and amount of revenues and collection of contractual amounts from customers, (ii) amounts invested in research and development and capital expenditures, and (iii) the level of operating expenses, all of which can vary significantly from quarter-to-quarter.

Streamline Health has obligations for capital resources, consisting of the \$2,000,000 borrowed under its bank line of credit at July 31, 2010, and non-cancelable operating leases of approximately \$1,776,000 payable over the next five years, \$365,000 for a capital lease, and an economic development incentive from the City of Blue Ash, Ohio up to a maximum amount of \$130,000. Capital expenditures for property and equipment in 2010 are not expected to exceed \$1,000,000.

Net cash used for operations for the six months ended was \$15,000, as compared to cash provided by operations of \$733,000 in the prior comparable period. In addition to the net loss incurred, the change in cash for operations was the result of significant cash collections during the second quarter offsetting a significant amount of new contracts and accounts receivable, and a decrease in deferred revenues which reflects the revenue recognition of prepaid maintenance contracts during fiscal 2010, net of any additional payments received in 2010, along with the timing of any payments received.

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Net cash used in investing activities was \$1,573,000, an improvement of \$806,000 from the prior comparable period. This decrease was primarily due to the decrease in capitalized software development costs, as a result of accessANYware 5.0 reaching general release in late 2009 which had significant development costs capitalized in the prior year.

The net cash provided by financing activities is primarily the net change of cash received from the line of credit, proceeds received from the employee stock purchase plan, and from the exercise of stock options.

At July 31, 2010, Streamline Health had cash on hand of \$580,574, and availability of \$46,000 under the line of credit. Streamline Health believes that its present cash position, combined with cash generation currently anticipated from operations, the availability of the revolving credit facility, and possible access to new funding sources will be sufficient to meet anticipated cash requirements for the next twelve months. However, continued expansion of the Company will require additional resources. The Company may need to incur debt, obtain an additional infusion of capital, or a combination of both, depending on the extent of the expansion of the Company and future revenues and expenses. However, there can be no assurance Streamline Health will be able to do so. The Company is evaluating financing options available.

Notwithstanding the current levels of revenues and expenses, for the foreseeable future, Streamline Health will need to continually assess its revenue prospects compared to its then current expenditure levels. If it does not appear likely that revenues will increase, it may be necessary to reduce operating expenses or raise cash through additional borrowings, the sale of assets, or other equity financing. Certain of these actions will require current lender approval. However, there can be no assurance Streamline Health will be successful in any of these efforts. If it is necessary to significantly reduce operating expenses, this could have an adverse effect on future operating performance.

To date, inflation has not had a material impact on Streamline Health's revenues or expenses.

### Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk, see Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of the annual report on Form 10-K for the fiscal year ended January 31, 2010. The Company's exposures to market risk have not changed materially since January 31, 2010.

Item 4T. CONTROLS AND PROCEDURES

Streamline Health maintains disclosure controls and procedures that are designed to ensure that there is reasonable assurance that the information required to be disclosed in Streamline Health's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to Streamline Health's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based on the definition of "disclosure controls and procedures" in Exchange Act Rules 13a-15(e) and 15d-15(e). In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of Streamline Health's senior management, including the Chief Executive Officer and Interim Chief Financial Officer, of the effectiveness of the design and operation of Streamline Health's disclosure controls and procedures to provide reasonable assurance of achieving the desired objectives of the disclosure controls and procedures. Based on that evaluation, Streamline Health's management, including the Chief Executive and Interim Chief Financial Officer, concluded that there is reasonable assurance that Streamline Health's disclosure controls and procedures were effective as of the end of the period covered by this report and there have been no changes in Streamline Health's internal control or in the other controls during the quarter ended July 31, 2010 that could materially affect, or is reasonably likely to materially affect, internal controls over financial reporting.

Part II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Streamline Health is, from time to time, a party to various legal proceedings and claims, which arise, in the ordinary course of business. Streamline Health is not aware of any legal matters that will have a material adverse effect on Streamline Health's consolidated results of operations or consolidated financial position.

Item 1A. RISK FACTORS

In addition to the other information set forth in this report and the risk factors set forth below, you should carefully consider the risk factors discussed in Part I, "Item 1A, Risk Factors" in the Annual Report on Form 10-K for the fiscal year ended January 31, 2010. The risk factors in the Annual Report have not materially changed since January 31, 2010, but are not the only risks facing the Company. In addition, risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially adversely affect the Company, its financial condition and/or operating results.

Item 3. DEFAULTS UPON SENIOR SECURITIES

The Company was not in default of its existing credit facility at July 31, 2010.

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### Item 6. EXHIBITS

#### (a) Exhibits

- 3.1(a) Certificate of Incorporation of Streamline Health Solutions, Inc. (\*)
- 3.1(b) Certificate of Incorporation of Streamline Health Solutions, Inc., amendment No. 1 (\*)
- 3.2 Bylaws of Streamline Health Solutions, Inc. as amended and restated on July 22, 2010
- 11 Computation of earnings (loss) per common share
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as Amended
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as Amended
- 32.1 Certification of the Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of the Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

(\*) Incorporated herein by reference from, the Registrant's SEC filings.  
(See INDEX TO EXHIBITS)



SIGNATURES

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

STREAMLINE HEALTH SOLUTIONS, INC.

DATE: September 9, 2010

By: /s/ J. Brian Patsy  
J. Brian Patsy  
Chief Executive Officer

DATE: September 9, 2010

By: /s/ Donald E. Vick, Jr.  
Donald E. Vick, Jr.  
Interim Chief Financial Officer

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Exhibit</u>
3.1(a)	Certificate of Incorporation of Streamline Health Solutions, Inc. f/k/a/ LanVision Systems, Inc. Previously filed with the Commission and incorporated herein by reference from, the Registrant's (LanVision System, Inc.) Registration Statement on Form S-1, File Number 333-01494, as filed with the Commission on April 15, 1996.
3.1(b)	Certificate of Incorporation of Streamline Health Solutions, Inc. f/k/a LanVision Systems, Inc., amendment No. 1 Previously filed with the Commission and incorporated herein by reference from the Registrant's Form 10-Q, as filed with the Commission on September 8, 2006.
3.2	Bylaws of Streamline Health Solutions, Inc. as amended and restated on July 22, 2010.
11	Computation of Earnings (Loss) Per Common Share
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as Amended
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as Amended
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

ARTICLE I  
OFFICES

Section 1. Registered Office. The registered office of Streamline Health Solutions, Inc. (the "Corporation") in the State of Delaware shall be at the principal office of The Corporation Trust Company in the City of Wilmington, County of New Castle, State of Delaware, and the registered agent in charge thereof shall be The Corporation Trust Company.

Section 2. Additional Offices. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or as the business of the Corporation may require.

ARTICLE II  
MEETINGS OF STOCKHOLDERS

Section 1. Time and Place. A meeting of stockholders for any purpose may be held at such time and place, within or without the State of Delaware, as the Board of Directors may fix from time to time and as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meeting. The annual meeting of stockholders shall be held on a date and time and at such place or places within or without the State of Delaware as may from time to time be determined by the Board of Directors of the Corporation. At such annual meeting, the stockholders shall elect a Board of Directors and transact such other business as may properly be brought before the meeting.

Section 3. Notice of Annual Meeting. Written notice of the annual meeting, stating the place, date and time thereof, shall be given to each stockholder entitled to vote at such meeting not less than ten (10) (unless a longer period is required by law) nor more than sixty (60) days prior to the meeting. Meetings may be held without notice if all stockholders entitled to vote are present or if notice is waived by those not present.

Section 4. Special Meetings. Special meetings of the stockholders, unless otherwise prescribed by statute or by the Certificate of Incorporation, may be called only by (i) the Chairman of the Board, (ii) a majority of the Board of Directors or (iii) the stockholders holding at least thirty percent (30%) of the shares of capital stock of the Corporation issued and outstanding and entitled to vote at such meeting. The notice of any special meeting shall state the purpose or purposes of the meeting and specify the action or actions to be taken at said meeting and no business shall be transacted thereat except that specifically named in the notice.

Section 5. Notice of Special Meeting. Written notice of a special meeting, stating the place, date and time thereof and the purpose or purposes for which the meeting is called, shall be given to each stockholder entitled to vote at such meeting not less than ten (10) (unless a longer period is required by law) nor more than sixty (60) days prior to the meeting.

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Section 6. List of Stockholders. The officer in charge of the stock ledger of the Corporation or the transfer agent shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder.

Section 7. Presiding Officer; Order of Business.

(a) Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or, if he is not present (or, if there is none), by the President, or if he is not present, by a Vice President, or if none is present, by such person who may have been chosen by the Board of Directors, or, if none of such persons is present, by a chairman to be chosen by the stockholders holding a majority of the shares of capital stock of the Corporation issued and outstanding and entitled to vote at the meeting and who are present in person or represented by proxy. The Secretary of the Corporation, or if he is not present, an Assistant Secretary, or, if none is present, such person as may be chosen by the Board of Directors, shall act as secretary of meetings of stockholders, or, if none of such persons is present, the stockholders holding a majority of the shares of capital stock of the Corporation issued and outstanding and entitled to vote at the meeting and who are present in person or represented by proxy shall choose any person present to act as secretary of the meeting.

(b) The order of business and all other matters of procedure at every meeting of the stockholders may be determined by the officer of the Corporation or other person presiding over the meeting.

Section 8. Quorum; Adjournments. Unless otherwise required by statute or by the Certificate of Incorporation, the holders of a majority of the shares of capital stock of the Corporation issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall be necessary to, and shall constitute a quorum for, the transaction of business at all meetings of the stockholders. If, however, a quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, until a quorum shall be present or represented, but no business shall be transacted at any such adjournment except such as might have been lawfully transacted had the meeting not been adjourned.

Section 9. Voting.

(a) At any meeting of stockholders, every stockholder having the right to vote shall be entitled to vote in person or by proxy. Except as otherwise provided by law or the Certificate of Incorporation, each stockholder of record shall be entitled to one vote for each share of capital stock registered in his name on the books of the Corporation.

(b) Except as otherwise provided by law or the Certificate of Incorporation, all matters shall be determined by a vote of a majority of the shares present in person or represented by proxy and voting on such matters.

Section 10. Action by Consent. Any action required or permitted by law or the Certificate of Incorporation to be taken at any meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a written consent, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present or represented by proxy and voted. Such written consent shall be filed with the minutes of meetings of stockholders. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not so consented in writing thereto.

Section 11. Notice of Nominations for Election to the Board of Directors.

(a) Nominations of any person for election to the Board of Directors at an annual meeting or at a special meeting of stockholders (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting) may be made at such meeting only (i) by or at the direction of the Board of Directors, including by any committee or persons appointed by the Board of Directors, or (ii) by a stockholder who (A) was a stockholder of record (and, with respect to any beneficial owner, if different, on whose behalf such nomination is proposed to be made, only if such beneficial owner was the beneficial owner of shares of the Corporation) both at the time of giving the notice provided for in this Section 11 and at the time of the meeting, (B) is entitled to vote at the meeting, and (C) has complied with this Section 11 as to such nomination. The foregoing clause (ii) shall be the exclusive means for a stockholder to make any nomination of a person or persons for election to the Board of Directors at an annual meeting or special meeting of stockholders regardless of whether or not such stockholder intends to or does conduct its own proxy solicitation with respect to such nomination.

(b) Without qualification, for a stockholder to make any nomination of a person or persons for election to the Board of Directors at a stockholder's meeting, the stockholder must provide timely notice thereof in writing in proper form to the Secretary of the Corporation. In the case of an annual meeting of stockholders, to be timely, a stockholder's notice must be delivered to the Secretary at the principal executive office of the Corporation not less than ninety (90) days prior to the first anniversary of the preceding year's annual meeting of stockholders; provided, however, that in the event that the date of the annual meeting is advanced more than thirty (30) days prior to such anniversary date or delayed more than sixty (60) days after such anniversary date then to be timely such notice must be received by the Corporation no later than the later of ninety (90) days prior to the date of the meeting or the tenth day following the day on which public disclosure of the date of the meeting was made. In the case of a special meeting of stockholders, to be timely, a stockholder's notice for nomination must be delivered to the Secretary at the principal executive office of the Corporation by the tenth day following the date of public disclosure of the date of such meeting. In no event shall any adjournment of an annual or special meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice described above.

(c) To be in proper form, a stockholder's notice to the Secretary shall set forth:

(i) as to each person whom the stockholder proposes to nominate for election or reelection as a director, (A) the name, age, business address and residence address of such person; (B) the principal occupation or employment of such person for the past five years; (C) the class and number of the Corporation's shares which are beneficially owned by such person; (D) a description of any arrangement or understanding between each person so proposed and the stockholder(s) making such nomination with respect to such person's proposal for nomination and election as a director and actions to be proposed or taken by such person if elected as a director; (E) the written consent of each person so proposed to serve as a director if nominated and elected as a director and (F) such other information regarding each such person as would be required under the proxy solicitation rules of the Securities and Exchange Commission if proxies were to be solicited for the election as a director of each person so proposed.

(ii) As to the stockholder(s) giving the notice, (A) the name and record address for each such stockholder, (B) the class and number of the Corporation's shares which are beneficially owned by such stockholder(s)

(d) Only such persons who are nominated in accordance with the procedures set forth in this Section 11 shall be eligible to serve as directors of the Corporation. The presiding officer at the meeting shall, if the facts warrant, determine that a nomination was not properly made in accordance with this Section 11, and if he or she should so determine, he or she shall so declare such determinate to the meeting and the defective nomination shall be disregarded.

#### Section 12. Notice of Stockholder Business.

(a) At any meeting of stockholders, only such business shall be conducted as shall have been properly brought before the meeting (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the Corporation who (A) was a stockholder of record (and, with respect to any beneficial owner, if different, only if such beneficial owner was the beneficial owner of shares of the Corporation) both at the time of giving the notice provided for in this Section 12 and at the time of the meeting, (B) is entitled to vote at the meeting, and (C) has complied with this Section 12 as to such proposal. The foregoing clause (ii) shall be the exclusive means for a stockholder to propose any business at any stockholder meeting (except for a stockholder nomination of a person for election as a director, which business is subject in its entirety to Article II, Section 11 hereof) regardless of whether or not such stockholder intends or seeks the inclusion of such proposal in the Corporation's proxy statement for such meeting. For business to be properly brought before a stockholder meeting by a stockholder, the stockholder must provide timely notice thereof in writing in proper form to the Secretary of the Corporation. In the case of an annual meeting of stockholders, to be timely, a stockholder's notice must be delivered to the Secretary at the principal executive office of the Corporation not less than ninety (90) days prior to the first anniversary of the preceding year's annual meeting of stockholders; provided, however, that in the event that the date of the annual meeting is advanced more than thirty (30) days prior to such anniversary date or delayed more than sixty (60) days after such anniversary date then to be timely such notice must be received by the Corporation no later than the later of ninety (90) days prior to the date of the meeting or the tenth day following the day on which public announcement of the date of the meeting was made. In the case of a special meeting of stockholders, to be timely, a stockholder's notice must be delivered to the Secretary at the principal executive office of the Corporation by the tenth day following the date of public disclosure of the date of such meeting. In no event shall any adjournment of an annual or special meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice described above.

(b) To be in proper form, a stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the meeting: (i) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting; (ii) the name and record address for each stockholder proposing such business, and (iii) the class and number of the Corporation's shares which are beneficially owned by such stockholder(s) and any material interest of the stockholder in such business.

(c) No business shall be conducted at a stockholder meeting except in accordance with the procedures set forth in this Section 12. The presiding officer of the meeting shall, if the facts warrant, determine business was not properly brought before the meeting in accordance with this Section 12, and if he or she should so determine, he or she shall so declare such determination to the meeting and any such business shall not be transacted.

### ARTICLE III DIRECTORS

Section 1. General Powers; Number; Tenure. The business of the Corporation shall be managed by its Board of Directors, which may exercise all powers of the Corporation and perform all lawful acts and things which are not by law, the Certificate of Incorporation or these By-laws directed or required to be exercised or performed by the stockholders. Within the limits specified in this Section 1, the number of directors shall be determined by the Board of Directors, except that if no such determination is made, the number of directors shall be three (3). The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and shall qualify. Directors need not be stockholders.

Section 2. Vacancies. If any vacancies occur in the Board of Directors, or if any new directorships are created, they may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Each director so chosen shall hold office until the next annual meeting of stockholders and until his successor is duly elected and shall qualify. If there are no directors in office, any officer or stockholder may call a special meeting of stockholders in accordance with the provisions of the Certificate of Incorporation or these By-laws, at which meeting such vacancies shall be filled.

Section 3. Removal; Resignation.

(a) Except as otherwise provided by law or the Certificate of Incorporation, any director, directors or the entire Board of Directors may be removed, with or without cause, by the holders of two-thirds of the shares then entitled to vote at an election of directors.

(b) Any director may resign at any time by giving written notice to the Board of Directors, the Chairman of the Board, the President or the Secretary of the Corporation. Unless otherwise specified in such written notice, a resignation shall take effect upon delivery thereof to the Board of Directors or the designated officer. It shall not be necessary for a resignation to be accepted before it becomes effective.

Section 4. Place of Meetings. The Board of Directors may hold meetings, both regular and special, either within or without the State of Delaware.

Section 5. Annual Meeting. The annual meeting of each newly elected Board of Directors shall be held immediately following the annual meeting of stockholders, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present.

Section 6. Regular Meetings. Additional regular meetings of the Board of Directors may be held upon proper notice, at such time and place as may from time to time be determined by the Board of Directors.

Section 7. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board, the President or by two (2) or more directors on at least 2 days' notice to each director, if such notice is delivered personally or sent by telegram, or on at least three (3) days' notice if sent by mail. Special meetings shall be called by the Chairman of the Board, President, Secretary or two (2) or more directors in like manner and on like notice on the written request of one-half or more of the number of directors then in office. Any such notice need not state the purpose or purposes of such meeting except as provided in Article XI.

Section 8. Quorum; Adjournments. At all meetings of the Board of Directors, a majority of the directors then in office shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by law or the Certificate of Incorporation. If a quorum is not present at any meeting of the Board of Directors, the directors present may adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Compensation. Directors shall be entitled to such compensation for their services as directors and to such reimbursement for any reasonable expenses incurred in attending directors' meetings as may from time to time be fixed by the Board of Directors. The compensation of directors may be on such basis as is determined by the Board of Directors. Any director may waive compensation for any meeting. Any director receiving compensation under these provisions shall not be barred from serving the Corporation in any other capacity and receiving compensation and reimbursement for reasonable expenses for such other services.

Section 10. Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if a written consent to such action is signed by all members of the Board of Directors and such written consent is filed with the minutes of its proceedings.



Section 11. Meetings by Telephone or Similar Communications. The Board of Directors may participate in a meeting by means of conference telephone or similar communications equipment by means of which all directors participating in the meeting can hear each other, and participation in such meeting shall constitute presence in person by such director at such meeting.

#### ARTICLE IV COMMITTEES

Section 1. Executive Committee. The Board of Directors, by resolution adopted by a majority of the whole Board, may appoint an Executive Committee consisting of not more than five (5) directors, one of whom shall be designated as Chairman of the Executive Committee. Each member of the Executive Committee shall continue as a member thereof until the expiration of his term as a director, or his earlier resignation, unless sooner removed as a member or as a director.

Section 2. Powers. The Executive Committee shall have and may exercise those rights, powers and authority of the Board of Directors as may from time to time be granted to it (to the extent permitted by law) by the Board of Directors and may authorize the seal of the Corporation, if any, to be affixed to all papers which may require it.

Section 3. Procedure; Meetings. The Executive Committee shall fix its own rules of procedure and shall meet at such times and at such place or places as may be provided by such rules or as the members of the Executive Committee shall provide. The Executive Committee shall keep regular minutes of its meetings and deliver such minutes to the Board of Directors.

The Chairman of the Executive Committee, or, in his absence, a member of the Executive Committee chosen by a majority of the members present, shall preside at meetings of the Executive Committee, and another member thereof chosen by the Executive Committee shall act as Secretary of the Executive Committee.

Section 4. Quorum. A majority of the Executive Committee shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of the members of the Executive Committee shall be required for any action of the Executive Committee; provided, however, that when an Executive Committee of one member is authorized under the provisions of Section 1 of this Article, such one member shall constitute a quorum.

Section 5. Other Committees. The Board of Directors, by resolutions adopted by a majority of the entire Board, may appoint such other committee or committees as it shall deem advisable and with such functions and duties as the Board of Directors shall prescribe.

Section 6. Vacancies; Changes; Discharge. The Board of Directors shall have the power at any time to fill vacancies in, to change the membership of, and to discharge any committee.

Section 7. Compensation. Members of any committee shall be entitled to such compensation for their services as members of any such committee and to such reimbursement for any reasonable expenses incurred in attending committee meetings as may from time to time be fixed by the Board of Directors. Any member may waive compensation for any meeting. Any committee member receiving compensation under these provisions shall not be barred from serving the Corporation in any other capacity and from receiving compensation and reimbursement of reasonable expenses for such other services.

Section 8. Action by Consent. Any action required or permitted to be taken at any meeting of any committee of the Board of Directors may be taken without a meeting if a written consent to such action is signed by all members of the committee and such written consent is filed with the minutes of its proceedings.

Section 9. Meetings by Telephone or Similar Communications. The members of any committee designated by the Board of Directors may participate in a meeting of such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in such meeting can hear each other and participation in such meeting shall constitute presence in person at such meeting.

#### ARTICLE V NOTICES

Section 1. Form; Delivery. Whenever, under the provisions of law, the Certificate of Incorporation or these By-laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice unless otherwise specifically provided, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid. Such notices shall be deemed to be given at the time they are deposited in the United States mail. Notice to a director may also be given personally or by telegram sent to his address as it appears on the records of the Corporation.

Section 2. Waiver. Whenever any notice is required to be given under the provisions of law, the Certificate of Incorporation or these By-laws, a written waiver thereof, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed to be equivalent to such notice. In addition, any stockholder who attends a meeting of stockholders in person, or is represented at such meeting by proxy, without protesting at the commencement of the meeting the lack of notice thereof to him, or any director who attends a meeting of the Board of Directors without protesting, at the commencement of the meeting, such lack of notice, shall be conclusively deemed to have waived notice of such meeting.

ARTICLE VI  
OFFICERS

Section 1. Designations. The officers of the Corporation shall be chosen by the Board of Directors. The Board of Directors may choose a Chairman of the Board, a President, a Chief Executive Officer, a Vice President or Vice Presidents, a Secretary, a Treasurer, one or more Assistant Secretaries and/or Assistant Treasurers and other officers and agents as it shall deem necessary or appropriate. All officers of the Corporation shall exercise such powers and perform such duties as shall from time to time be determined by the Board of Directors. Any number of offices may be held by the same person, unless the Certificate of Incorporation or these By-laws otherwise provide.

Section 2. Term of Office; Removal. The Board of Directors at its first regular meeting after each annual meeting of stockholders shall choose a President, a Secretary and a Treasurer. The Board of Directors may also choose a Chairman of the Board, a Chief Executive Officer, a Vice President or Vice Presidents, one or more Assistant Secretaries and/or Assistant Treasurer, and such other officers and agents as it shall deem necessary or appropriate. Each officer of the Corporation shall hold office until his successor is chosen and shall qualify. Any officer elected or appointed by the Board of Directors may be removed, with or without cause, at any time by the affirmative vote of majority of the directors then in office. Such removal shall not prejudice the contract rights, if any, of the person so removed. Any vacancy occurring in any office of the Corporation may be filled for the unexpired portion of the term by the Board of Directors.

Section 3. Compensation. The salaries of all officers of the Corporation shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the Corporation.

Section 4. The Chairman of the Board. The Chairman of the Board, if any, shall be an officer of the Corporation and, subject to the direction of the Board of Directors, shall perform such executive, supervisory and management functions and duties as may be assigned to him from time to time by the Board of Directors. He shall, if present, preside at all meetings of stockholders and of the Board of Directors.

Section 5. The President.

(a) The President, subject to the direction of the Board of Directors, shall have general charge of the business, affairs and property of the Corporation and general supervision over its other officers and agents. In general, he shall perform all duties incident to the office of President and shall see that all orders and resolutions of the Board of Directors are carried into effect. In addition to and not in limitation of the foregoing, the President shall be empowered to authorize any change of the registered office or registered agent (or both) of the Corporation in the State of Delaware.

(b) Unless otherwise prescribed by the Board of Directors, the President shall have full power and authority on behalf of the Corporation to attend, act and vote at any meeting of security holders of other corporations in which the Corporation may hold securities. At such meeting the President shall possess and may exercise any and all rights and powers incident to the ownership of such securities which the Corporation might have possessed and exercised if it had been present. The Board of Directors may from time to time confer like powers upon any other person or persons.

Section 6. Chief Executive Officer. The Chief Executive Officer of the Corporation (the “CEO”), if any, shall perform such executive, supervisory and management functions and duties as may be assigned to him from time to time by the Board of Directors. The CEO shall have the authority to exercise all the powers generally appertaining to the chief executive officer of a corporation. In the CEO’s absence, the duties and powers of the CEO shall be performed and may be exercised, respectively, by the persons so designated by vote of a majority of the Board of Directors.

Section 7. The Vice Presidents. The Vice President, if any (or in the event there be more than one, the Vice Presidents in the order designated, or in the absence of any designation, in the order of their election), shall, in the absence of the President or in the event of his disability, perform the duties and exercise the powers of the President and shall generally assist the President and perform such other duties and have such other powers as may from time to time be prescribed by the Board of Directors.

Section 8. The Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all votes and the proceedings of the meetings in a book to be kept for that purpose and shall perform like duties for the Executive Committee or other committees, if required. He shall give, or cause to be given, notice of all meetings of stockholders and special meetings of the Board of Directors, and shall perform such other duties as may from time to time be prescribed by the Board of Directors, the Chairman of the Board or the President, under whose supervision he shall act. He shall have custody of the seal of the Corporation, if any, and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it, and, when so affixed, the seal may be attested by his signature or be the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation, if any, and to attest the affixing thereof by his signature.

Section 9. The Assistant Secretary. The Assistant Secretary, if any (or in the event there be more than one, the Assistant Secretaries in the order designated, or in the absence of any designation, in the order of their election), shall, in the absence of the Secretary or in the event of his disability, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as may from time to time be prescribed by the Board of Directors.

Section 10. The Treasurer. The Treasurer shall have the custody of the corporate funds and other valuable effects, including securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may from time to time be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chairman of the Board, the President and the Board of Directors, at regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

Section 11. The Assistant Treasurer. The Assistant Treasurer, if any (or in the event there shall be more than one, the Assistant Treasurers in the order designated, or in the absence of any designation, in the order of their election), shall, in the absence of the Treasurer or in the event of his disability, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as may from time to time be prescribed by the Board of Directors.

ARTICLE VII  
INDEMNIFICATION OF  
DIRECTORS, OFFICERS AND OTHERS

Section 1. Actions by Third Parties. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person seeking indemnification did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Actions by or in Right of Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Expenses. To the extent that a director or officer of the Corporation or a person serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article SEVENTH, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Determination of Right to Indemnification. Any indemnification under Sections 1 and 2 of this Article SEVENTH (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer of the Corporation or person serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, is proper in the circumstances because he has met the applicable standard of conduct set forth in such Sections 1 and 2 of this Article SEVENTH. Such determination shall be made (a) by a majority vote of the directors of the Corporation who are not parties to such action, suit or proceeding, even though less than a quorum, or (b) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (c) by the stockholders of the Corporation.

Section 5. Advancement of Expenses. Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article SEVENTH. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board of Directors of the Corporation deems appropriate.

Section 6. Right to Indemnification Non-Exclusive. The indemnification and advancement of expenses provided by, or granted pursuant to, the other sections of this Article SEVENTH shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any law, by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office.

Section 7. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of Section 145 of the General Corporation Law.

Section 8. Consolidation or Merger. For purposes of this Article SEVENTH, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors and officers or persons serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, so that any person who is or was a director or officer of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article SEVENTH with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

Section 9. Certain Definitions. For purposes of this Article SEVENTH, references to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the Corporation” shall include any service as a director or officer of the Corporation which imposes duties on, or involves service by, such director or officer with respect to any employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation” as referred to in this Article SEVENTH.

Section 10. Continuation of Right to Indemnification; Survival. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article SEVENTH shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer or person serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Jurisdiction. The Court of Chancery is hereby vested with exclusive jurisdiction to hear and determine all actions for advancement of expenses or indemnification brought under this section or under any by-law, agreement, vote of stockholders or disinterested directors, or otherwise. The Court of Chancery may summarily determine the Corporation’s obligation to advance expenses (including attorneys’ fees).

Section 12. Extent and Scope of Indemnification. Should the indemnification provided for in this Article SEVENTH be determined by a court of law to be inoperative or non-effective for any reason or should the extent and scope of the indemnification provided by Section 145 of General Corporation Law on the date of this Certificate of Incorporation be expanded by amendment, modification or replacement, the Corporation shall be obligated to indemnify the persons covered under this Article SEVENTH to the fullest extent permitted by Section 145 of the General Corporation Law, as the same may be amended, modified or replaced. This Article SEVENTH is intended to give the persons covered hereunder the maximum indemnification permitted under the laws of the State of Delaware at the time any such person seeks indemnification hereunder.

ARTICLE VIII  
STOCK CERTIFICATES

Section 1. Form; Signatures.

(a) To the extent permitted by applicable law and unless otherwise provided by the Corporation's Certificate of Incorporation, the Board of Directors may provide by resolution that some or all of any or all classes and series of shares of capital stock in the Corporation shall be issued in uncertificated form pursuant to customary arrangements for issuing shares in such uncertificated form. Any such resolution shall not apply to shares then represented by a certificate until such certificate is surrendered to the Corporation, nor shall such a resolution apply to a certificated share issued in exchange for an uncertificated share. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send to the registered owner of the shares a written notice containing the information required to be set forth or stated on certificates pursuant to applicable law. Notwithstanding the foregoing, upon the written request of a holder of shares of the Corporation delivered to the Secretary of the Corporation, such holder is entitled to receive one or more certificates representing the shares of stock of the Corporation held by such holder. Any such certificate shall be signed by the Chairman of the Board, Chief Executive Officer or the President and the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation, exhibiting the number and class (and series, if any) of shares owned by him, and bearing the seal of the Corporation, if a seal has been authorized by the Board of Directors. Such signatures and seal may be facsimile. A certificate may be signed manually or by facsimile by a transfer agent or registrar other than the Corporation or its employee. In case any officer who has signed, or whose facsimile signature was placed on, a certificate shall have ceased to be such officer before such certificate is issued, it may nevertheless be issued by the Corporation with the same effect as if he were such officer at the date of its issue.

(b) Any stock certificates representing shares of capital stock which are subject to restrictions on transfer or to other restrictions may have imprinted thereon such notation to such effect as may be determined by the Board of Directors.

Section 2. Registration of Transfer. The Board of Directors shall have power and authority to make all such rules and regulations as it may deem expedient concerning the issue, transfer and registration of both certificated and uncertificated shares of stock. The Board of Directors may appoint transfer agents and registrars thereof.

Section 3. Record Date; Closing of Transfer Books. The Board of Directors may fix a record date or direct that the stock transfer books be closed for a stated period for the purpose of making any proper determination with respect to stockholders, including which stockholders are entitled to notice of or to vote at a meeting or any adjournment thereof, receive payment of any dividend or other distribution, or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock. The record date may not be more than sixty (60) nor less than ten (10) days before the date on which the action requiring the determination will be taken; the transfer books may not be closed for a period longer than twenty (20) days; and, in the case of a meeting of stockholders, the closing of the transfer books shall be at least ten (10) days before the date of the meeting. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting taken pursuant to Section 8 of Article II; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.



Section 4. Lost, Stolen or Destroyed Certificates. The Board of Directors may determine the conditions upon which a new certificate of stock or replacement stock in uncertificated form will be issued to replace a certificate which is alleged to have been lost, stolen, mutilated or destroyed, and the Board of Directors may delegate to any officer of the Corporation the power to make such determinations and to cause such replacement certificates or replacement stock in uncertificated form to be issued.

#### ARTICLE IX GENERAL PROVISIONS

Section 1. Dividends. Subject to the provisions of the Certificate of Incorporation, dividends upon the outstanding capital stock of the Corporation may be declared by the Board of Directors at any regular or special meeting, pursuant to law, and may be paid in cash, in property or in shares of the Corporation's capital stock.

Section 2. Reserves. The Board of Directors shall have full power, subject to the provisions of law and the Certificate of Incorporation, to determine whether any, and, if so, what part, of the funds legally available for the payment of dividends shall be declared as dividends and paid to the stockholders of the Corporation. The Board of Directors, in its sole discretion, may fix a sum which may be set aside or reserved over and above the paid-in capital of the Corporation for working capital or as a reserve for any proper purpose, and may, from time to time, increase, diminish or vary such fund or funds.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be as determined from time to time by the Board of Directors.

Section 4. Seal. The corporate seal, if a seal has been authorized by the Board of Directors, shall have inscribed thereon the name of the Corporation, the year of its incorporation and the words "Corporate Seal" and "Delaware."

#### ARTICLE X AMENDMENTS

The Board of Directors shall have the power to make, alter and repeal these By-laws, and to adopt new by-laws, by an affirmative vote of a majority of the entire Board, provided that notice of the proposal to make, alter or repeal these By-laws, or to adopt new by-laws, must be included in the notice of the meeting of the Board of Directors at which such action takes place.

## STREAMLINE HEALTH SOLUTIONS, INC.

## Computation of (loss) per share

	Six Months Ended July 31,	
	2010	2009
Net (loss)	<u>\$ (1,252,324)</u>	<u>\$ (1,608)</u>
Average shares outstanding	9,460,911	9,367,144
Stock options & purchase plan:		
Total options & purchase plan shares	—	—
Assumed treasury stock buyback	—	—
Convertible redeemable preferred stock assumed converted	—	—
Number of shares used in per common share computation	<u>9,460,911</u>	<u>9,367,144</u>
Basic net (loss) per share of common stock	<u>\$ (0.13)</u>	<u>\$ 0.00</u>
Diluted net (loss) per share of common stock	<u>\$ (0.13)</u>	<u>\$ 0.00</u>

STREAMLINE HEALTH SOLUTIONS, INC.

Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as Amended

I, J. Brian Patsy, certify that:

I have reviewed this quarterly report on Form 10-Q of Streamline Health Solutions, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

September 9, 2010

/s/ J. Brian Patsy  
Chief Executive Officer and  
President

STREAMLINE HEALTH SOLUTIONS, INC.

Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as Amended

I, Donald E. Vick, Jr., certify that:

I have reviewed this quarterly report on Form 10-Q of Streamline Health Solutions, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

September 9, 2010

/s/ Donald E. Vick, Jr.  
\_\_\_\_\_  
Interim Chief Financial Officer

STREAMLINE HEALTH SOLUTIONS, INC.

Certification of the Chief Executive Officer Pursuant to  
18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

I, J. Brian Patsy, Chief Executive Officer and President of Streamline Health Solutions, Inc. “(the Company)”, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended July 31, 2010 (the “Report”) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition, and results of operations of the Company.

September 9, 2010

/s/ J. Brian Patsy

\_\_\_\_\_  
Chief Executive Officer and  
President

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

STREAMLINE HEALTH SOLUTIONS, INC.

Certification of the Chief Financial Officer Pursuant to  
18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

I, Donald E. Vick, Jr., Interim Chief Financial Officer of Streamline Health Solutions, Inc. “(the Company)”, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (3) The Quarterly Report on Form 10-Q of the Company for the quarter ended July 31, 2010 (the “Report”) fully complies with the requirements of section 13(a) or 15 (d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (4) The information contained in the Report fairly presents, in all material respects, the financial condition, and results of operations of the Company.

September 9, 2010

/s/ Donald E. Vick, Jr.

\_\_\_\_\_  
Interim Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.