
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): January 28, 2011

STREAMLINE HEALTH SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	0-28132 (Commission File Number)	No. 31-1455414 (IRS Employer Identification No.)
10200 Alliance Road, Suite 200, Cincinnati, Ohio (Address of principal executive offices)		45242-4716 (Zip Code)

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

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On January 31, 2011, Streamline Health Solutions, Inc. (“Streamline” or the “Company”) announced that Robert E. Watson, 53, has been appointed President and Chief Executive Officer, and elected as a director, of the Company, effective February 1, 2011.

Mr. Watson has been involved in the healthcare information technology industry for more than 25 years. Since December 2, 2010, Mr. Watson served as a Strategic Advisor to BC Ziegler and Co., an investment bank. Between May 2007 and August 2010, Mr. Watson served as President and Chief Executive Officer of DocuSys, Inc., a leading provider of anesthesia information systems. Prior to that time, from December 2006 until May 2007, Mr. Watson was Executive Vice President of Business Development of Concuity, Inc., a healthcare division of software development company Trintech, Inc. From September 2001 until December 2006, Mr. Watson served as President and Chief Executive Officer at Concuity Inc., a healthcare technology company that was acquired by Trintech, Inc. in December 2006.

In connection with Mr. Watson’s appointment as President and Chief Executive Officer, Streamline and Mr. Watson entered into a two-year Employment Agreement dated January 31, 2011. Pursuant to this agreement, Mr. Watson will receive a sign-on bonus of \$65,000, an annual salary of \$250,000, the opportunity to purchase 50,000 newly issued shares of common stock of the Company for \$500 (i.e., their par value) and will be eligible for a 2011 initial target bonus payment of \$150,000. Pursuant to the agreement, Mr. Watson also received two stock option grants on January 31, 2011. The first grant was for 250,000 shares of common stock of the Company, with an exercise price of \$2.00 per share. This option will vest in thirty-six monthly installments during the first three years of Mr. Watson’s employment. The Company also granted Mr. Watson 150,000 shares of Streamline common stock, with an exercise price of \$3.00 per share. This option will vest in five equal annual installments on each of the first five anniversaries of the date of the grant. The share and option awards described above are inducement grants, pursuant to Nasdaq Marketplace Rule 5635(c)(4). The Employment Agreement also provides for customary restrictive covenants, including covenants prohibiting Mr. Watson from disclosing certain confidential information of the Company, competing with Streamline or soliciting customers or employees of Streamline.

A copy of the Employment Agreement is filed as an exhibit to this Current Report on Form 8-K and is incorporated herein by reference. The summary of the material terms of the Employment Agreement set forth above is qualified in its entirety by reference to such exhibit.

J. Brian Patsy has retired from his positions as President and Chief Executive Officer of the Company at the request of the Company’s Board of Directors and resigned as a director of the Company effective January 31, 2011. In connection with Mr. Patsy’s separation, the Company and Mr. Patsy entered into a Separation Agreement under which Mr. Patsy may serve as a consultant of the Company until April 30, 2011. Mr. Patsy will be compensated at a gross rate of \$1,500 for each day that the Company engages Mr. Patsy’s consulting services, up to 5 days per month. The Separation Agreement also provides for customary restrictive covenants, including covenants prohibiting Mr. Patsy from competing with Streamline or soliciting customers or employees of Streamline. Pursuant to the terms of the Separation Agreement, Mr. Patsy will be paid approximately \$300,000 in connection with his separation from Streamline. In addition, the agreement provided for the acceleration of the vesting of 25,811 options and restricted stock held by Mr. Patsy.

A copy of the Separation Agreement is filed as an exhibit to this Current Report on Form 8-K and is incorporated herein by reference. The summary of the material terms of the Separation Agreement set forth above is qualified in its entirety by reference to such exhibit.

Item 9.01 — Financial Statements and Exhibits

(d) Exhibits:

Exhibit No.	Description
10.1	Separation Agreement, dated January 31, 2011, by and between Streamline Health Solutions, Inc., a Delaware corporation and J. Brian Patsy.
10.2	Employment Agreement, dated February 1, 2011, by and between Streamline Health Solutions, Inc., a Delaware corporation and Robert E. Watson.
99.1	Press release dated January 31, 2011.

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 hereunto duly authorized.

STREAMLINE HEALTH SOLUTIONS, INC.

Date: February 3, 2011

By: /s/ Donald E. Vick, Jr.,
Interim CFO

EXHIBIT INDEX

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99.1	Press release dated January 31, 2011.

SEPARATION AGREEMENT

This Separation Agreement (the "Agreement") is entered into on this 31st day of January, 2011, by and between Streamline Health Solutions, Inc., a Delaware corporation (the "Company"), and J. Brian Patsy (the "Executive").

WHEREAS, the Executive is currently the President and Chief Executive Officer of the Company and a member of its Board of Directors; and

WHEREAS, the Company and the Executive desire to set forth herein their mutual agreement with respect to the matters addressed herein, including matters pertaining to the Executive's cessation of his employment and positions with the Company, certain other matters pertaining to the Executive's consulting relationship with the Company following the Executive's cessation of employment and the Executive's release of claims, all upon the terms set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and agreements contained herein, the adequacy and sufficiency of which are hereby acknowledged, the Company and the Executive hereby agree as follows:

Section 1 Termination of Employment and Service. As of January 31, 2011 (the "Date of Termination"), the Executive shall cease to be an employee, officer and director of the Company.

Section 2 Payment of Accrued Amounts; Accrued Benefits; Equity Awards. Not later than 15 calendar days after the Date of Termination, the Company shall pay to the Executive all amounts, if any, due to the Executive for earned salary and accrued vacation through the Date of Termination. Executive shall also receive the bonus earned by the Executive in 2010 pursuant to the terms of the 2010 Executive Bonus Plan. Such bonus shall be paid at the same time and in the same form as specified under the 2010 Executive Bonus Plan. Executive's rights to receive benefits accrued or payable under the Company's employee benefit plans shall be governed by the terms of such plans. Stock options held by Executive and which have vested as of the Date of Termination shall remain exercisable in accordance with the terms of the 2005 Incentive Compensation Plan. On the Date of Termination, the Executive shall vest in 13,311 shares of restricted stock and 12,500 options that were originally scheduled to vest on March 31, 2011 and April 7, 2011, respectively, and all other unvested stock options, restricted stock and other equity awards shall terminate immediately upon the Date of Termination. In addition, not later than 30 calendar days after the Date of Termination, the Company shall reimburse the Executive in accordance with the Company's policies and procedures for all proper expenses incurred by the Executive in the performance of his duties through the Date of Termination.

Section 3 Post-Termination Benefits.

Item 3.01 Severance Benefit. The Company shall pay to the Executive a cash payment in an aggregate gross amount equal to \$303,823, consisting of two years of car allowance equal to \$14,400 and a severance payment equal to \$289,423 (collectively, the "Severance Benefit"). The Severance Benefit shall be payable in a lump sum payment within 90 calendar days following the Date of Termination.

Item 3.02 Employee Benefits. Provided that the Executive timely elects to receive continued coverage under the Company's group medical and dental plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended ("COBRA"), from the Date of Termination through the two-year anniversary of the Date of Termination, the Executive (and any qualified dependents) shall be entitled to group health insurance coverage under the Company's group health and dental insurance plans for employees (as such plans are then in effect and as it may be amended at any time and from time to time during the period of coverage) in which Executive was participating immediately prior to the Date of Termination, at the Company's expense. The period during which the Executive is being provided with health insurance under this Agreement shall be credited against Executive's period of COBRA coverage, if any. If the Executive is entitled to any benefit under the current terms and conditions of any employee benefit plan of the Company that is accrued and vested on the Date of Termination and that is not expressly referred to in this Agreement, such benefit shall be provided to the Executive in accordance with the terms and conditions of such employee benefit plan.

Item 3.03 Compliance with Agreement. Notwithstanding anything herein to the contrary, if the Executive breaches the terms of this Agreement and the Executive does not cure such breach (if curable) within 30 calendar days after receipt of written notice from the Company describing such breach, the Executive shall forfeit any and all rights to the post-termination payments made or to be made pursuant to this Section 3.

Section 4 Consulting Arrangement.

Item 4.01 Consulting Services. The Company hereby agrees to retain the Executive as a consultant, and the Executive hereby agrees to be retained by the Company, upon the terms and subject to the conditions hereof for the period commencing on the Date of Termination and ending on the three-month anniversary of the Date of Termination, unless earlier terminated pursuant to this Section 4 (such period, the "Consulting Period"). During the Consulting Period, the Executive shall perform consulting services for up to five days per month, at the Company's election, and shall be compensated at a gross rate of \$1,500 for each such day that the Company elects to engage the Executive; provided, however, that if the Company and Executive so agree, the Executive may be retained for more than five days per month and shall be compensated for each additional hour of consulting services performed by the Executive at a rate of \$200 per hour. Subject to the prior approval of the Company and in accordance with Section 19 of the Agreement, the Company shall reimburse the Executive in accordance with the Company's policies and procedures for all proper expenses incurred by the Executive in the performance of his consulting duties during the Consulting Period. In accordance with the terms of this Agreement, the Executive shall comply with reasonable requests for the Executive's consulting services and shall devote his reasonable best efforts, skill and attention to the performance of such consulting services; provided, however, that nothing in this Section 4 shall preclude Executive from accepting employment with or providing services to any other person or entity (provided such employment or services are not prohibited by Section 10 hereof) and the Company agrees that any consulting services requested hereunder shall not interfere with Executive's employment or services. The Executive shall take his direction as a consultant solely from the Company's Board of Directors or Chief Executive Officer and President and shall not interact with any of the Company's other employees or directors in his capacity as a consultant, except to the extent he is directed to do so by the Board of Directors or Chief Executive Officer and President.

Item 4.02 Termination. This Section 4 may be terminated at any time (i) by the Executive on 15 calendar days prior written notice to the Company and (ii) by the Company upon written notice to the Executive. In the event of Executive's termination of the Consulting Period, the Executive shall forfeit any and all rights to the Severance Benefits and employer-provided COBRA premiums to be paid to or on behalf of Executive pursuant to Section 3.

Section 5 Federal and State Withholding. The Company shall deduct from any compensation payable by the Company to the Executive the amount of all taxes required to be withheld under applicable law with respect to such payments. For purposes of determining all applicable tax withholdings, any compensation recognized by the Executive upon the exercise of the Executive's stock options in accordance with the terms of the 2005 Incentive Compensation Plan and the amounts to be paid to Executive pursuant to Section 3 hereof shall be treated as wages subject to all applicable withholding requirements.

Section 6 Return of Company Property. Promptly following the Termination Date (but in no event later than ten business days following such date), the Executive shall return to the Company all property of the Company in the Executive's possession or under the Executive's control, including but not limited to any office, computing or communications equipment; provided, however, that the Executive shall retain the Company-provided home desktop and laptop computers, printer and cell phone; provided, further, that the Executive shall allow the Company to delete all Company information from such computers and cell phone.

Section 7 Release of Claims.

The Executive, on behalf of himself and anyone claiming through him, including, but not limited to, his past, present and future spouses, family members, relatives, agents, attorneys, representatives, heirs, executors and administrators, and the predecessors, successors and assigns of each of them, hereby releases and agrees not to sue the Company or any of its divisions, subsidiaries, affiliates, other related entities (whether or not such entities are wholly owned) or the owners, officers, directors, agents, attorneys or representatives thereof, or the predecessors, successors or assigns of each of them (hereinafter jointly referred to as the "Company Released Parties"), with respect to any and all known or unknown claims which the Executive now has, has ever had, or may in the future have, against any of the Company Released Parties for or related in any way to anything occurring from the beginning of time up to and including the date on which he signs this Agreement, including, without limiting the generality of the foregoing, any and all claims which in any way result from, arise out of, or relate to, the Executive's employment by any of the Company Released Parties or

the termination of such employment, including, but not limited to, any and all claims for severance or termination payments under any agreement between the Executive and any of the Company Released Parties or any program or arrangement of any of the Company Released Parties or any claims that could have been asserted by the Executive or on his behalf against any of the Company Released Parties in any federal, state or local court, commission, department or agency under any fair employment, contract or tort law, or any other federal, state or local law, regulation or ordinance (as in effect or amended from time to time), including, without limitation, the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, the Employee Retirement Income Security Act of 1974, the Americans with Disabilities Act, the Family and Medical Leave Act, or under any compensation, bonus, severance, retirement or other benefit plan; provided, however, that nothing contained in this Section 7 shall apply to, or release the Company from (i) any obligation contained in this Agreement, (ii) any obligation which the Company may have to provide benefits to the Executive under any plans or programs of the Company which continue to be applicable to the Executive, except as otherwise expressly provided in this Agreement, (iii) any obligation which the Company may have to indemnify the Executive pursuant to its articles of incorporation, by-laws, or other governing documents, or (iv) any obligation which the Company may have to provide coverage to the Executive pursuant to its director and officer insurance policy with respect to actions or omissions of the Executive during his service as a director or officer of the Company. The Executive expressly represents and warrants that he has not filed or had filed on his behalf any claim against any of the Company Released Parties, and has not transferred or assigned any rights or causes of action that he might have against any of the Company Released Parties.

Executive represents that he has had the opportunity and time to consult with his own legal counsel concerning the provisions of this Agreement and that he has been given up to twenty-one (21) calendar days from the date of the Company's signature as set forth below to consider this Agreement and determine whether to accept and sign this Agreement. Following his acceptance and signing of this Agreement, Executive has seven (7) calendar days to revoke the Agreement by delivering notice of revocation to the Company in accordance with Section 14.

Section 8 Authority. The Executive expressly represents and warrants that the Executive is the sole owner of the actual and alleged claims, demands, rights, causes of action and other matters that are released herein; that the same have not been transferred or assigned or caused to be transferred or assigned to any other person, firm, corporation or other legal entity; and that the Executive has the full right and power to grant, execute and deliver the general release, undertakings and agreements contained herein.

Section 9 Non-Admissions. Nothing in this Agreement is intended to or shall be construed as an admission by the Company or any of the other Company Released Parties that any of them violated any law, interfered with any right, breached any obligation or otherwise engaged in any improper or illegal conduct. The Company and the other Company Released Parties expressly deny any such illegal or wrongful conduct.

Section 10 Noncompetition and Nonsolicitation.

Item 10.01 The Executive agrees, on behalf of himself and his affiliates, that he and his affiliates are subject to and bound by the restrictive covenants and acknowledgements included in the Employment Agreement, effective February 1, 2004, among LanVision Systems, Inc., LanVision, Inc. and J. Brian Patsy, as amended (the "Employment Agreement"), including, without limitation, the covenants and acknowledgements included in Sections 7, 8, 9, 12 and 14 (collectively, the "Restrictive Covenants"), and for purposes of Section 9 of the Employment Agreement, the period of non-competition and non-solicitation shall continue for twelve (12) months following the Date of Termination.

Section 11 Nondisparagement. The Executive will not, nor will he cause or assist any other person to, make any statement to a third party or take any action which is intended to or would reasonably have the effect of disparaging or harming the Company or the business reputation of the Company; provided, however, that this provision shall not preclude such truthful disclosure or testimony as may be required by a court of law, by any governmental agency having supervisory authority over the business of the Company or by any administrative or legislative body (including a committee thereof) with apparent jurisdiction to order him to make such disclosure or provide such testimony.

Section 12 Cooperation with the Company. Executive agrees to cooperate fully with the Company and its counsel with respect to any litigation, investigation, government proceedings or general claims which relate to matters with which Executive was involved during the term of employment or service with the Company, subject to reimbursement of reasonable out-of-pocket travel costs and expenses. Such cooperation may include appearing from time to time at the offices of the Company or the Company's counsel, or telephonically, for conferences and interviews and providing testimony in depositions, court proceedings and administrative hearings as necessary for the Company to defend or prosecute claims, and in general providing the Company and its counsel with the full benefit of Executive's knowledge with respect to any such matter. Executive agrees to render such cooperation in a timely fashion and at such times as may be mutually agreeable to the parties concerned.

Section 13 Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be deemed given when (a) delivered personally or by overnight courier to the following address of the other parties hereto (or such other address for such parties as shall be specified by notice given pursuant to this Section) or (b) sent by facsimile to the following facsimile number of the other parties hereto (or such other facsimile number for such parties as shall be specified by notice given pursuant to this Section), with the confirmatory copy delivered by overnight courier to the address of such parties pursuant to this Section 14:

If to the Company, to:

Streamline Health Solutions, Inc.
10200 Alliance Road, Suite 200
Cincinnati, OH 45242-4716
Attn: Chairman of the Board of Directors
Facsimile: 630-563-0743

With a copy to:

Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603
Attn: John P. Kelsh
Facsimile: 312-853-7036

If to Executive, to:

J. Brian Patsy
At the most recent address on file with the Company

Section 14 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of any other provision of this Agreement or the validity, legality or enforceability of such provision in any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 15 Entire Agreement. This Agreement shall constitute the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements (including, without limitation, the Employment Agreement and all equity award agreements between the Company and the Executive) or representations by or between the parties, written or oral, which may have related in any manner to the subject matter hereof; provided, however, that, notwithstanding the foregoing, this Agreement shall not supersede or preempt the Restrictive Covenants included in the Employment Agreement. The Executive acknowledges that the Company has not made any representations regarding the tax consequences of payments under this Agreement and that Executive has had the opportunity to consult Executive's tax advisor, if any.

Section 16 Successors and Assigns. This Agreement shall be enforceable by Executive and Executive's heirs, executors, administrators and legal representatives, and by the Company and its successors and assigns. Executive may not assign this Agreement and any such assignment shall be null and void.

Section 17 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Ohio without regard to principles of conflict of laws.

Section 18 Amendment and Waiver. The provisions of this Agreement may be amended or waived only by the written agreement of the Company and Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

Section 19 Section 409A. This Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and shall be interpreted and construed consistently with such intent. The payments to the Executive pursuant to this Agreement are also intended to be exempt from Section 409A of the Code to the maximum extent possible, under either the separation pay exemption pursuant to Treasury regulation §1.409A-1(b)(9)(iii) or as short-term deferrals pursuant to Treasury regulation §1.409A-1(b)(4), and for purposes of the separation pay exemption, each installment paid to the Executive under this Agreement shall be considered a separate payment. In the event the terms of this Agreement would subject the Executive to taxes or penalties under Section 409A of the Code ("409A Penalties"), the Company and Executive shall cooperate diligently to amend the terms of the Agreement to avoid such 409A Penalties, to the extent possible; provided that in no event shall the Company be responsible for any 409A Penalties that arise in connection with any amounts payable under this Agreement. To the extent any amounts under this Agreement are payable by reference to Executive's "Date of Termination," such term shall be deemed to refer to the Executive's "separation from service," within the meaning of Section 409A of the Code. Notwithstanding any other provision in this Agreement, in no event shall the level of consulting services to be provided by the Executive pursuant to Section 4 of this Agreement exceed more than 20% of the average of services performed by the Executive for the Company and its affiliated "service recipients" (within the meaning of Treasury regulation §1.409A-1(h)(3)) over the immediately preceding 36-month period. Notwithstanding any other provision in this Agreement, if the Executive is a "specified employee," as defined in Section 409A of the Code, as of the date of the Executive's separation from service, then to the extent any amount payable under this Agreement (i) constitutes the payment of nonqualified deferred compensation, within the meaning of Section 409A of the Code, (ii) is payable upon the Executive's separation from service and (iii) under the terms of this Agreement would be payable prior to the six-month anniversary of the Executive's separation from service, such payment shall be delayed until the earlier to occur of (a) the six-month anniversary of the separation from service or (b) the date of the Executive's death. Any reimbursement payable to the Executive pursuant to this Agreement shall be conditioned on the submission by the Executive of all expense reports reasonably required by the Company under any applicable expense reimbursement policy, and shall be paid to the Executive within 30 calendar days following receipt of such expense reports, but in no event later than the last day of the calendar year following the calendar year in which the Executive incurred the reimbursable expense. Any amount of expenses eligible for reimbursement, or in-kind benefit provided, during a calendar year shall not affect the amount of expenses eligible for reimbursement, or in-kind benefit to be provided, during any other calendar year. The right to any reimbursement or in-kind benefit pursuant to this Agreement shall not be subject to liquidation or exchange for any other benefit.

Section 20 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

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

STREAMLINE HEALTH SOLUTIONS, INC.

By: /s/ Jonathan R. Phillips
Name: Jonathan R. Phillips
Its: Chairman

/s/ J. Brian Patsy
J. Brian Patsy

[SIGNATURE PAGE TO J. BRIAN PATSY SEPARATION AGREEMENT]

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (“Agreement”) is entered into effective as of January 31, 2011 (the “Effective Date”), by and among Streamline Health Solutions, Inc., a Delaware corporation (the “Company”) and Robert E. Watson (“Executive”).

RECITALS:

The Company and Executive hereby agree that Executive shall serve as the President and Chief Executive Officer (“CEO”) of the Company pursuant to the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and the agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which the parties hereby acknowledge, the parties agree as follows:

1. EMPLOYMENT

The Company hereby agrees to employ Executive, and Executive, in consideration of such employment and other consideration set forth herein, hereby accepts employment, upon the terms and conditions set forth herein.

2. POSITION AND DUTIES

During the term of this Agreement, Executive shall be employed as the CEO of the Company and may also serve as an officer or as a member of the board of the Company and/or of affiliates of the Company for no additional compensation, as part of Executive’s services to the Company hereunder. While employed hereunder, Executive shall do all things necessary, legal and incident to the above position, and otherwise shall perform such CEO-level functions as the Board of Directors (the “Board”) of the Company may establish from time to time. In addition, during the period of his employment hereunder, Executive shall be appointed or nominated for election to the Board.

3. COMPENSATION

Subject to such modifications as may be contemplated by said exhibit and approved from time to time by the Board, Executive shall receive the compensation and benefits listed on the attached Exhibit A. Such compensation and benefits shall be paid and provided by the Company in accordance with the Company’s regular payroll, compensation and benefits policies.

4. EXPENSES

The Company shall pay or reimburse Executive for all travel and out-of-pocket expenses reasonably incurred or paid by Executive in connection with the performance of Executive's duties as an employee of the Company upon compliance with the Company's procedures for expense reimbursement, including the presentation of expense statements or receipts or such other supporting documentation as the Company may reasonably require.

5. PRIOR EMPLOYMENT; BINDING AGREEMENT

Executive warrants and represents to the Company (i) that Executive will take no action in violation of any employment agreement or arrangement with any prior employer, (ii) that Executive has disclosed to the Company all such prior written agreements, (iii) that any employment agreement or arrangement with any prior employer is null and void and of no effect, and (iv) that Executive has the full right and authority to enter into this Agreement and to perform all of Executive's obligations hereunder. The Executive agrees to indemnify and hold the Company harmless from and against any and all claims, liabilities or expenses incurred by the Company as a result of any claim made by any prior employer arising out of this Agreement or the employment of Executive by the Company. The Company warrants and represents to the Executive that the Company, acting by the officer executing this Agreement on behalf of the Company, has the full right and authority to enter into this Agreement and to perform all of the Company's obligations hereunder.

6. OUTSIDE EMPLOYMENT

Executive shall devote Executive's full time and attention to the performance of the duties incident to Executive's position with the Company, and shall not have any other employment with any other enterprise or substantial responsibility for any enterprise which would be inconsistent with Executive's duty to devote Executive's full time and attention to the Company matters; provided, however, that, the foregoing shall not prevent Executive from participation in any charitable or civic organization or from service in a non-executive capacity on the boards of directors of up to two other companies that does not interfere with Executive's performance of the duties and responsibilities to be performed by Executive under this Agreement.

7. CONFIDENTIAL INFORMATION

Executive shall not, during the term of this Agreement or at any time thereafter, disclose, or cause to be disclosed, in any way Confidential Information, or any part thereof, to any person, firm, corporation, association, or any other operation or entity, or use the Confidential Information on Executive's own behalf, for any reason or purpose. Executive further agrees that, during the term of this Agreement or at any time thereafter, Executive will not distribute, or cause to be distributed, Confidential Information to any third person or permit the reproduction of Confidential Information, except on behalf of the Company in Executive's capacity as an employee of the Company. Executive shall take all reasonable care to avoid unauthorized disclosure or use of the Confidential Information. Executive hereby assumes responsibility for and shall indemnify and hold the Company harmless from and against any disclosure or use of the Confidential Information in violation of this Agreement.

For the purpose of this Agreement, “Confidential Information” shall mean any written or unwritten information which specifically relates to and or is used in the Company’s business (including, without limitation, the Company’s services, processes, patents, systems, equipment, creations, designs, formats, programming, discoveries, inventions, improvements, computer programs, data kept on computer, engineering, research, development, applications, financial information, information regarding services and products in development, market information including test marketing or localized marketing, other information regarding processes or plans in development, trade secrets, training manuals, know-how of the Company, and the customers, clients, suppliers and others with whom the Company does or has in the past done, business, regardless of when and by whom such information was developed or acquired) which the Company deems confidential and proprietary which is generally not known to others outside the Company and which gives or tends to give the Company a competitive advantage over persons who do not possess such information or the secrecy of which is otherwise of value to the Company in the conduct of its business — regardless of when and by whom such information was developed or acquired, and regardless of whether any of these are described in writing, reduced to practice, copyrightable or considered copyrightable, patentable or considered patentable. Provided, however, that “Confidential Information” shall not include general industry information or information which is publicly available or is otherwise in the public domain without breach of this Agreement, information which Executive has lawfully acquired from a source other than the Company, or information which is required to be disclosed pursuant to any law, regulation, or rule of any governmental body or authority or court order. Executive acknowledges that Confidential Information is novel, proprietary to and of considerable value to the Company.

Executive agrees that all restrictions contained in this Section 7 are reasonable and valid under the circumstances and hereby waives all defenses to the strict enforcement thereof by the Company.

Executive agrees that, upon the request of the Company, or immediately on termination of his employment for whatever reason, Executive will immediately deliver up to the requesting entity all Confidential Information in Executive’s possession and/or control, and all notes, records, memoranda, correspondence, files and other papers, and all copies, relating to or containing Confidential Information. Executive does not have, nor can Executive acquire, any property or other right in Confidential Information.

8. PROPERTY OF THE COMPANY

All ideas, inventions, discoveries, proprietary information, know-how, processes and other developments and, more specifically improvements to existing inventions, conceived by Executive, alone or with others, during the term of Executive’s employment, whether or not during working hours and whether or not while working on a specific project, that are within the scope of the Company’s business operations or that relate to any work or projects of the Company, are and shall remain the exclusive property of the Company. Inventions, improvements and discoveries relating to the business of the Company conceived or made by Executive, either alone or with others, while employed with the Company are conclusively and irrefutably presumed to have been made during the period of employment and are the sole property of the Company. The Executive shall promptly disclose in writing any such matters to the Company but to no other person without the consent of the Company. Executive hereby assigns and agrees to assign all right, title, and interest in and to such matters to the Company. Executive will, upon request of the Company, execute such assignments or other instruments and assist the Company in the obtaining, at the Company’s sole expense, of any patents, trademarks or similar protection, if available, in the name of the Company.

9. NON-COMPETITION AGREEMENT

(a) During the term of Executive's employment, whether under this Agreement or at will, and for a period of two years after the termination date of Executive's employment (whether such termination be with or without cause), Executive agrees, provided he has received all the compensation specified in Sections 11 and 13 hereof to be received by him coincident with such termination, that he will not directly or indirectly, whether as an employee, agent, consultant, director, officer, investor, partner, shareholder, proprietor, lender or otherwise own, operate or otherwise work for or participate in any competitive business (including the pertinent division or subsidiary of any multi-sector business), anywhere in the world, which designs, develops, manufactures or markets any product or service that in any way competes with the Company's business, products or services as conducted, or planned to be conducted, on the date of termination (a "Competitive Business"), provided that the foregoing shall not prohibit Executive from owning not more than 5% of the outstanding stock of a corporation subject to the reporting requirements of the Securities Exchange Act of 1934.

(b) During the term of Executive's employment and for a period ending two years from the termination of Executive's employment with the Company, whether by reason of the expiration of the term of this Agreement, resignation, discharge by the Company or otherwise, Executive hereby agrees that Executive will not, directly or indirectly:

(i) solicit, otherwise attempt to employ or contract with any current or future employee of the Company for employment or otherwise in any Competitive Business or otherwise offer any inducement to any current or future employee of the Company to leave the Company's employ; or

(ii) contact or solicit any customer or client of the Company (an "Existing Customer"), contact or solicit any individual or business entity with whom the Company has directly communicated for the purpose of rendering services prior to the effective date of such termination (a "Potential Customer"), or otherwise provide any other products or services for any Existing Customer or Potential Customer of the Company, on behalf of a Competitive Business or in a manner that is competitive to the Company's business; or

(iii) Use or divulge to anyone any information about the identity of the Company's customers or suppliers (including without limitation, mental or written customer lists and customer prospect lists), or information about customer requirements, transactions, work orders, pricing policies, plans, or any other Confidential Information.

(c) For the purpose of this Agreement, Competitive Business shall mean any business operation (including a sole proprietorship) anywhere in the world which designs, develops, manufactures or markets any product or service that in any way competes with the Company's healthcare document management software and document workflow software business, products or services as conducted, or contemplated to be conducted, on the date of termination.

10. TERM

Unless earlier terminated pursuant to Section 11 hereof, the term of this Agreement (the "Term") shall be for the time period beginning on the Effective Date, and continuing through January 31, 2013 (the "Expiration Date"), unless, during the Term of this Agreement, or any renewal thereof, there is a change in control as defined in Section 13 hereof, at which time the then current Expiration Date will be extended to be one year from the date of the change in control. On the Expiration Date, and on each annual Expiration Date thereafter (each such date being hereinafter referred to as the "Renewal Date"), absent notice to the contrary from either party hereto to the other received at least 60 days prior to commencement of the Renewal Term, the term of employment hereunder shall automatically renew for an additional one (1) year period. Unless waived in writing by the Company, the requirements of Sections 7 (Confidential Agreement), 8 (Property of the Company) and 9 (Non-Competition Agreement) shall survive the expiration or termination of this Agreement for any reason.

11. TERMINATION

(a) Death. This Agreement and Executive's employment hereunder shall be terminated on the death of Executive, effective as of the date of Executive's death.

(b) Continued Disability. This Agreement and Executive's employment hereunder may be terminated, at the option of the Company, upon a Continued Disability of Executive, effective as of the date of the determination of Continued Disability as that term is hereinafter defined. For the purposes of this Agreement, "Continued Disability" shall be defined as the inability or incapacity (either mental or physical) of Executive to continue to perform Executive's duties hereunder for a continuous period of one hundred twenty (120) working days, or if, during any calendar year of the Term hereof because of disability, Executive shall have been unable to perform Executive's duties hereunder for a total period of one hundred eighty (180) working days regardless of whether or not such days are consecutive. The determination as to whether Executive is unable to perform the essential functions of Executive's job shall be made by the Board in its reasonable discretion; provided, however, that if Executive is not satisfied with the decision of the Board, Executive will submit to examination by three competent physicians who practice in the metropolitan area in which the Company then resides, one of whom shall be selected by the Company, another of whom shall be selected by Executive, with the third to be selected by the physicians so selected. The determination of a majority of the physicians so selected shall supersede the determination of the Board and shall be final and conclusive.

(c) Termination For Good Cause. Notwithstanding any other provision of this Agreement, the Company may at any time immediately terminate this Agreement and Executive's employment thereunder for Good Cause. For this purpose, "Good Cause" shall include the following: the current use of illegal drugs; conviction of any crime which involves moral turpitude, fraud or misrepresentation; commission of any act which would constitute a felony and which adversely impacts the business or reputation of the Company; fraud; misappropriation or embezzlement of Company funds or property; willful misconduct or grossly negligent or reckless conduct which is materially injurious to the reputation, business or business relationships of the Company; material violation or default on any of the provisions of this Agreement; or material and continuous failure to meet reasonable performance criteria or reasonable standards of conduct as established from time to time by the Board, which failure continues for at least 30 days after written notice from the Company to Executive. Any alleged cause for termination shall be delivered in writing to Executive stating the full basis for such cause along with any notice of such termination.

(d) Termination Without Good Cause. The Company may terminate Executive's employment or elect not to renew this Agreement prior to the Expiration Date at any time, whether or not for Good Cause (as "Good Cause" is defined in Section 11(c) above). In the event the Company terminates Executive or elects not to renew this Agreement for reasons other than Good Cause, Executive's Death, or Executive's Disability, the Company will pay Executive a lump sum amount equal to Executive's annual base salary as in effect as of the date of such separation from employment, plus an amount equal to the higher of the bonuses paid to Executive during that prior fiscal year or earned in the then current fiscal year to date (provided that if Executive is terminated without Good Cause during the first twelve months of employment with the Company, the bonus component of the separation payment will be equal to the Target Bonus specified in Exhibit A for the period), which shall be paid as soon as practicable following Executive's execution (and non-revocation) of a form of general release of claims as is acceptable to the Board. In any event, the Company shall provide such release to Executive in a timely manner so that after the longest available review and revocation period, the lump sum severance shall be paid no later than the 90th day following Executive's separation from service or March 15th of the calendar year following the calendar year in which such separation from service occurs, whichever is sooner. Executive shall also be entitled to the continuation of the then current Company benefits to the extent continuation of such benefits is provided for under the applicable plans.

12. ADVICE TO PROSPECTIVE EMPLOYERS

If Executive seeks or is offered employment by any other company, firm or person, he will notify the prospective employer of the existence and terms of the non-competition and confidentiality agreements set forth in Sections 7 and 9 of this Agreement. Executive may disclose the language of Sections 7 and 9, but may not disclose the remainder of this Agreement.

13. CHANGE IN CONTROL; ACCELERATED VESTING SCHEDULES

(a) In the event that, within twelve months of a change in control of the Company, Executive's employment by the Company is terminated prior to the end of the then current Term or Executive terminates his employment due to a material reduction in his duties or compensation ("Good Reason"), all stock options and restricted stock granted to Executive shall immediately vest in full, and the Company will pay Executive a lump sum amount in accordance with Section 11(d), above; provided, however, that in the event this Section 13 is applicable, the amount of such lump sum shall be equal to 200% of the amount as determined under Section 11(d), alone. In the event Executive seeks to terminate his employment for Good Reason, such termination shall not be treated for purposes of this Section 13 as a resignation for Good Reason unless Executive provides the Company with notice of the existence of the condition claimed to constitute Good Reason within 90 days of the initial existence of such condition and the Company fails to remedy such condition within 30 days following the Company's receipt of such notice.

(b) For purposes of this Agreement, "change in control" means any of the following events:

(i) A change in control of the direction and administration of the Company's business of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act"), as in effect on the date hereof and any successor provision of the regulations under the 1934 Act, whether or not the Company is then subject to such reporting requirements; or

(ii) Any "person" (as such term is used in section 13(d) and section 14(d)(2) of the 1934 Act but excluding any employee benefit plan of the Company) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities of the Company representing more than one half of the combined voting power of the Company's outstanding securities then entitled to vote for the election of directors; or

(iii) The Company shall sell all or substantially all of the assets of the Company; or

(iv) The Company shall participate in a merger, reorganization, consolidation or similar business combination that constitutes a change in control as defined in the Company's 2005 Incentive Compensation Plan and/or results in the occurrence of any event described in Sections 13(b) (i), (ii) or (iii) above.

(c) Notwithstanding anything to the contrary contained in this Agreement, in the event any amounts payable hereunder would be considered to be excess parachute payments for purposes of the amount payable following the occurrence of a Change of Control that is treated as a "change in the ownership or effective control" of the Company or "in the ownership of a substantial portion of the assets" of the Company for purposes of Sections 280G and 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), those payments that are treated for purposes of Code Section 280G as being contingent on a "change in the ownership or effective control" (as that phrase is used for purposes of Code Section 280G) of the Company shall be reduced, if and to the extent necessary, so that no payments under this Agreement are treated as excess parachute payments.

14. ACKNOWLEDGEMENTS

The Company and Executive each hereby acknowledge and agree as follows:

(a) The covenants, restrictions, agreements and obligations set forth herein are founded upon valuable consideration, and, with respect to the covenants, restrictions, agreements and obligations set forth in Sections 7, 8 and 9 hereof, are reasonable in duration and geographic scope;

(b) In the event of a breach or threatened breach by Executive of any of the covenants, restrictions, agreements and obligations set forth in Section 7, 8 and/or 9, monetary damages or the other remedies at law that may be available to the Company for such breach or threatened breach will be inadequate and, without prejudice to the Company's right to pursue any other remedies at law or in equity available to it for such breach or threatened breach, including, without limitation, the recovery of damages from Executive, the Company will be entitled to injunctive relief from a court of competent jurisdiction; and

(c) The time period and geographical area set forth in Section 9 hereof are each divisible and separable, and, in the event that the covenants not to compete contained therein are judicially held invalid or unenforceable as to such time period and/or geographical area, they will be valid and enforceable in such geographical area(s) and for such time period(s) which the court determines to be reasonable and enforceable. Executive agrees that in the event any court of competent jurisdiction determines that the above covenants are invalid or unenforceable to join with the Company in requesting that court to construe the applicable provision by limiting or reducing it so as to be enforceable to the extent compatible with the then applicable law. Furthermore, any period of restriction or covenant herein stated shall not include any period of violation or period of time required for litigation to enforce such restriction or covenant.

15. NOTICES

Any notice or communication required or permitted hereunder shall be given in writing and shall be sufficiently given if delivered personally or sent by telecopy to such party addressed as follows:

(a) In the case of the Company, if addressed to it as follows:

Streamline Health Solutions, Inc.
10200 Alliance Road, Suite 200
Cincinnati, Ohio 45242-4716
Attn: Chief Financial Officer

(b) In the case of Executive, if addressed to Executive at the most recent address on file with the Company.

Any such notice delivered personally or by telecopy shall be deemed to have been received on the date of such delivery. Any address for the giving of notice hereunder may be changed by notice in writing.

16. ASSIGNMENT, SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns. The Company may assign or otherwise transfer its rights under this Agreement to any successor or affiliated business or corporation (whether by sale of stock, merger, consolidation, sale of assets or otherwise), but this Agreement may not be assigned, nor may the duties hereunder be delegated by Executive. In the event that the Company assigns or otherwise transfers its rights under this Agreement to any successor or affiliated business or corporation (whether by sale of stock, merger, consolidation, sale of assets or otherwise), for all purposes of this Agreement, the "Company" shall then be deemed to include the successor or affiliated business or corporation to which the Company, assigned or otherwise transferred its rights hereunder.

17. MODIFICATION

This Agreement may not be released, discharged, abandoned, changed, or modified in any manner, except by an instrument in writing signed by each of the parties hereto.

18. SEVERABILITY

The invalidity or unenforceability of any particular provision of this Agreement shall not affect any other provisions hereof and the parties shall use their best efforts to substitute a valid, legal and enforceable provision, which, insofar as practical, implements the purpose of this Agreement. Any failure to enforce any provision of this Agreement shall not constitute a waiver thereof or of any other provision hereof.

19. COUNTERPARTS

This Agreement may be signed in counterparts (and delivered via facsimile transmission), and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one in the same instrument.

20. ENTIRE AGREEMENT

This constitutes the entire agreement among the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, understandings, and negotiations, whether written or oral, with respect to such subject matter.

21. DISPUTE RESOLUTION

Except as set forth in Section 14 above, any and all disputes arising out of or in connection with the execution, interpretation, performance, or non-performance of this Agreement or any agreement or other instrument between, involving or affecting the parties (including the validity, scope and enforceability of this arbitration clause), shall be submitted to and resolved by arbitration. The arbitration shall be conducted pursuant to the terms of the Federal Arbitration Act and the Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association. Either party may notify the other party at any time of the existence of an arbitrable controversy by certified mail and the parties shall attempt in good faith to resolve their differences within fifteen (15) days after the receipt of such notice. If the dispute cannot be resolved within the fifteen-day period, either party may file a written demand for arbitration with the American Arbitration Association. The place of arbitration shall be Cincinnati, Ohio.

22. GOVERNING LAW

The provisions of this Agreement shall be governed by and interpreted in accordance with the laws of the State of Ohio and the laws of the United States applicable therein. The Executive acknowledges and agrees that Executive is subject to personal jurisdiction in state and federal courts in Hamilton County, Ohio.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto effective as of the date first above written.

STREAMLINE HEALTH SOLUTIONS, INC.

By: /s/ Jonathan R. Phillips
Jonathan R. Phillips
Chairman

EXECUTIVE

/s/ Robert E. Watson
Robert E. Watson

EXHIBIT A — COMPENSATION AND BENEFITS

1. Start Date. Executive's start date shall be February 1, 2011.
2. Base Salary. Base Salary shall be paid at an annualized rate of \$250,000, which shall be subject to periodic review and adjustment by Compensation Committee (the "Committee") of the Board and/or the Board but shall not be reduced below \$250,000.
2. Bonus. Target bonus and target goals shall be set by the Committee annually. Initial target bonus (for FY commencing 2/1/11) will be \$150,000. Bonus will be paid pursuant to such terms and conditions as are established by the Committee and, to the extent payable under a bonus plan, subject to such terms and conditions as may be set out in such plan. The annual bonus shall, if payable, be paid no later than during the second quarter of the fiscal year following the fiscal year for which such bonus is paid, unless otherwise provided in the applicable bonus plan or written action taken by the Committee.
3. Sign-on Bonus. Executive shall receive a Sign-on Bonus of \$65,000 less applicable withholdings.
4. Benefits. Executive shall participate in the Company's benefit plans on the same terms and conditions as provided for other Company executives, and subject to all terms and conditions of such plans.
5. Relocation. In the event that Executive relocates to Cincinnati at the request of the Company, the Company would provide Executive with a relocation package commensurate with the Company's policy regarding relocation of employees. Notwithstanding the foregoing, Executive shall be under no obligation to relocate during the initial two-year term of this Agreement.
6. Stock Grant. As of the Effective Date, Executive shall be issued 50,000 newly issued shares of common stock of the Company for \$500 in cash (*i.e.*, par value) as an inducement to Executive to enter into this Agreement. Such shares shall be "restricted" securities within the meaning of Rule 144 promulgated under the Securities Act of 1933 and shall not otherwise be restricted.
7. Stock Option Grants. Two grants of incentive stock options, the first for 250,000 shares of common stock and the second for 150,000 shares of common stock, shall be made on the Effective Date, with the first of such grants having an option exercise price equal to the greater of \$2.00 per share or the fair market value of a share, determined as of the date of grant, and subject to vesting in thirty six substantially equal monthly installments during the first three years of employment, and with the second of such grants having an option exercise price equal to the greater of \$3.00 per share or the fair market value of a share, determined as of the date of grant, and subject to vesting in five equal annual installments on the first, second, third, fourth and fifth anniversary of the date of grant. The stock options will be granted under an inducement grant with terms as nearly as practicable identical to the terms and conditions of the Company's 2005 Incentive Compensation Plan.



News Release

Section 21 Visit our web site at: www.streamlinehealth.net

STREAMLINE HEALTH APPOINTS ROBERT WATSON AS PRESIDENT AND CHIEF EXECUTIVE OFFICER

J. Brian Patsy, Founder of Streamline Health, to Retire as President and CEO

Cincinnati, Ohio — January 31, 2011 — Streamline Health Solutions, Inc. (NasdaqCM: STRM), a leading provider of document workflow solutions for hospitals, announced today that Robert Watson has been appointed President and Chief Executive Officer effective February 1, 2011. Mr. Watson has been involved in the healthcare information technology industry for more than 25 years with extensive experience in all operational facets of the industry from senior management to sales and marketing. J. Brian Patsy, founder of Streamline Health Solutions, and current President and Chief Executive Officer since its inception, has retired at the request of the Board of Directors from both positions and has also resigned as a director of the Company.

Previously, Mr. Watson was President and Chief Executive Officer of DocuSys, Inc., a leading provider of anesthesia information systems that was acquired by Merge Healthcare Incorporated in March 2010. Immediately prior to joining the Company Mr. Watson was engaged as a consultant to several venture capital firms and growth stage healthcare companies. Prior to joining DocuSys, he was Executive Vice President of Business Development of Concuity, a healthcare division of Trintech, Inc. Before that position, he was President and Chief Executive Officer at Concuity Inc, which was acquired by Trintech, Inc. in December 2006.

Prior to joining Concuity in 2001, Watson was acting Chief Executive Officer of HealthTrac Corporation, Chief Executive Officer of IQHealth at Cerner Corporation and has been the founder or senior executive of several successful healthcare organizations throughout his career. He holds an MBA from the Wharton School of Business at the University of Pennsylvania and a BA in Health Policy Studies and Information and Library Science from Syracuse University.

Jonathan R. Phillips, chairman of the Streamline Health Solutions Board of Directors, said, "We are excited to have recruited Bob Watson to join the Company at this critical point in its development. We believe Bob's deep knowledge of the healthcare information technology industry and his experience in driving sales, innovation and strong execution will help Streamline reestablish its growth trajectory and build on the progress we have made to date in taking Streamline to the next level."

We are also highly indebted to Brian Patsy for his energy and unwavering commitment to the Company over the years. Since founding the Company more than twenty years ago, Brian has built one of the leading healthcare document management and workflow software companies through healthcare market vision, innovation and partnership. We are truly grateful to Brian for all his efforts over the years.”

Mr. Watson commented, “I am pleased to be joining Streamline Health at this important time in the Company’s history. Streamline Health has a strong reputation in the healthcare information technology industry. I am impressed with the products, the people and the company’s position within the market. I look forward to the opportunities ahead with great anticipation.”

Mr. Patsy stated, “It is with mixed emotions that I leave my responsibilities with Streamline Health. On the one hand, I am pleased to hand over the executive and operational reins to a highly regarded industry professional the likes of Bob Watson. I have no doubt that he will dramatically leverage the assets of this Company in the coming years. On the other hand, I will miss working every day with the great people of Streamline Health as well as with our prestigious customer base. I believe this is the right time to bring in a new CEO with a solid track record of success to infuse a new level of spirit and energy and drive the company to the next level of development.”

In connection with Mr. Watson’s hiring, he will receive 50,000 shares of Streamline Health common stock. Mr. Watson will also receive two stock option grants. The first grant will be for 250,000 shares of Streamline Health common stock, with an exercise price equal to the greater of \$2.00 per share or the fair market value of a share of Streamline Health common stock on the date of grant. This option will vest in thirty six monthly installments during the first three years of employment. The second grant will be for 150,000 shares of Streamline Health common stock, with an exercise price equal to the greater of \$3.00 per share or the fair market value of a share of Streamline Health common stock on the date of grant. The second grant will vest in five equal annual installments on the first, second, third, fourth and fifth anniversaries of the date of grant. The share and option awards described in this paragraph are inducement grants, pursuant to Nasdaq Marketplace Rule 5635(c)(4).

About Streamline Health

Streamline Health is a leading supplier of document workflow and document management tools, applications and services that assist strategic business partners and healthcare organizations to improve operational efficiencies through business process optimization. The Company provides integrated tools and technologies for automating document-intensive environments, including document workflow, document management, e-forms, connectivity, optical character recognition (OCR) and business process integration.

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. For additional information, please visit our website at <http://www.streamlinehealth.net>.

Safe Harbor statement under the Private Securities Litigation Reform Act of 1995

Statements made by Streamline Health Solutions, Inc. that are not historical facts are forward-looking statements that are subject to risks and uncertainties and are no guarantee of future performance. The forward looking statements contained herein are subject to certain risks, uncertainties and important factors that could cause actual results to differ materially from those reflected in the forward-looking statements, included herein. These risks and uncertainties include, but are not limited to, the timing of contract negotiations and execution of contracts 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 the Company's products, the ability of the Company to control costs, availability of products obtained from third party vendors, the healthcare regulatory environment, potential changes in legislation, regulation and government funding affecting the healthcare industry, healthcare information systems budgets, availability of healthcare information systems trained personnel for implementation of new systems, as well as maintenance of legacy systems, fluctuations in operating results, effects of critical accounting policies and judgments, changes in accounting policies or procedures as may be required by the Financial Accountings 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, and other risks detailed from time to time in the Streamline Health Solutions, Inc. filings with the U. S. Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward looking statements, which reflect management's analysis only as of the date hereof. The Company undertakes no obligation to publicly release the results of any revision to these forward-looking statements, which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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