

**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): **April 22, 2013**

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)

31-1455414

(IRS Employer
Identification No.)

1230 Peachtree St. NE, Suite 1000, Atlanta, GA
(Address of Principal Executive Offices)

30309
(Zip Code)

Registrant's telephone number, including area code: **(404) 446-0050**

(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))

Item 4.01 CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANT

On April 22, 2013, the Audit Committee of the Board of Directors of Streamline Health Solutions, Inc. (the "Company") approved the engagement of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ended January 31, 2014 and the dismissal and replacement of BDO USA, LLP as the Company's independent registered public accounting firm. KPMG LLP's engagement as the Company's independent registered public accounting firm will commence effective May 1, 2013. As of the date of this report, KPMG LLP is in the process of its standard client evaluation procedures and has not accepted the engagement. The dismissal of BDO USA, LLP will be effective April 30, 2013. The decision to change auditors was the result of a competitive process.

During the fiscal years ended January 31, 2013 and January 31, 2012 and through the date of this filing, neither the Company nor anyone on its behalf consulted with KPMG LLP with respect to either (i) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on the Company's consolidated financial statements, and neither a written report nor oral advice was provided to the Company that KPMG LLP concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing, or financial reporting issue; or (ii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) or a reportable event (as defined in Item 304(a)(1)(v) of Regulation S-K).

The reports of BDO USA, LLP on the Company's consolidated financial statements for the fiscal years ended January 31, 2013 and January 31, 2012 did not contain an adverse opinion or disclaimer of an opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

During the fiscal years ended January 31, 2013 and January 31, 2012 and through the date of this filing, there were no disagreements (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) with BDO USA, LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of BDO USA, LLP, would have caused BDO USA, LLP to make reference to the subject matter of the disagreements in its reports on the Company's consolidated financial statements for such years.

During the fiscal years ended January 31, 2013 and January 31, 2012 and through the date of this filing, there were no reportable events (as defined in Item 304(a)(1)(v) of Regulation S-K).

The Company has provided BDO USA, LLP with a copy of the above disclosures and has requested that BDO USA, LLP furnish it with a letter addressed to the Securities and Exchange Commission stating whether or not it agrees with the statements made above. A copy of BDO USA, LLP's letter dated April 26, 2013 is attached as Exhibit 16.1 to this Current Report on Form 8-K.

Item 5.02 COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS

The Company previously entered into an Employment Agreement dated as of January 31, 2011 (the "Initial Agreement") with Mr. Robert E. Watson, pursuant to which he has served as the Company's President and Chief Executive Officer. The Initial Agreement expired by its terms on January 31, 2013. On April 22, 2013, the Board of Directors of the Company approved a new Employment Agreement (the "New Agreement") with Mr. Watson, effective as of April 22, 2013. Under the New Agreement, Mr. Watson will continue to serve as the Company's President and Chief Executive Officer. Mr. Watson's employment term under the New Agreement runs from April 22, 2013 until January 31, 2015 and automatically renews in successive one year periods, unless sooner terminated as provided in the New Agreement.

Pursuant to the Agreement, Mr. Watson will receive an annual base salary of \$325,000 (retroactive to February 1, 2013), which is subject to annual increases as determined by the Company's Compensation Committee and/or Board of Directors. Mr. Watson is also eligible to earn an annual bonus award based upon the achievement of performance targets set by the Company's Compensation Committee, with a target annual bonus equal to 65% of his base salary.

2

In connection with the New Agreement, Mr. Watson has been awarded a stock option for 100,000 shares of the Company's common stock, \$0.01 par value per share (the "Common Stock"), at an option price equal to \$6.90, which was the fair market value of the Company's Common Stock on the date of grant, April 22, 2013. This stock option will vest in 36 monthly installments commencing on the first month after the grant date and has a ten-year term. In addition, the terms of certain stock options previously granted to Mr. Watson in 2011 and 2012 were amended to provide that in the event of Mr. Watson's termination for any reason other than "good cause" (as defined in the New Agreement), the options will become fully vested as of his termination date and will remain exercisable until the earlier of the end of the applicable option period or 180 days after his termination date. Further, upon a "change in control" (as defined in the New Agreement) all equity awards granted to Mr. Watson prior to such change will immediately vest in full.

If the Company terminates Mr. Watson's employment for reasons other than good cause, death or continued disability, if Mr. Watson terminates employment for good reason or if the Company does not renew the term of the Agreement in the year following the initial term, Mr. Watson will generally be entitled to receive: (1) accrued but unpaid salary through his termination date; (2) reimbursement of expenses incurred prior to his termination date; and (3) an amount equal to 1.25 times (or 2 times, in certain situations involving a change in control) the sum of (A) his annual base salary then in effect and (B) an amount equal to the higher of his bonus for the prior fiscal year or his target bonus for the fiscal year in which termination occurs. In the case of termination of employment for the reasons set forth above within 90 days prior to or 12 months following a change in control, Mr. Watson will be entitled to receive the foregoing benefits and all his equity awards will immediately vest in full and remain exercisable until the earlier of the end of the applicable option period or 180 days from his termination.

Mr. Watson is also subject to a covenant not to disclose the Company's confidential information during his employment term and for two years thereafter, except in the case of trade secrets, which he has agreed not to disclose for so long after his termination as such information remains a trade secret (or for the maximum period of time otherwise allowed under applicable law). During his employment and for a period of two years following his termination, he is also subject to non-solicitation covenants relating to customers or clients with whom he had material contact and Company employees or independent contractors who performed work for the Company within the last year of his employment. He is also subject to a covenant not to compete, which is limited to that area within the United States and the Canadian provinces of Quebec and Alberta in which the Company does business during the two-year period preceding his termination.

The foregoing summary of the New Agreement is not complete and is qualified in its entirety by reference to the full text of the New Agreement, a copy of which is attached as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

3

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
10.1	Employment Agreement dated April 22, 2013 between Streamline Health Solutions, Inc. and Robert E. Watson
16.1	Letter dated April 26, 2013 from BDO USA, LLP to the Securities and Exchange Commission

4

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: April 26, 2013

By: /s/ Stephen H. Murdock
Stephen H. Murdock
Chief Financial Officer

5

EXHIBIT INDEX

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6

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (together with Exhibit A, the "Agreement") is entered into effective as of April 22, 2013 (the "Effective Date"), by and among Streamline Health Solutions, Inc., a Delaware corporation with its headquarters in Atlanta, Georgia (the "Company"), and Robert E. Watson ("Executive").

RECITALS:

WHEREAS, the Company and Executive previously entered into that certain Employment Agreement dated as of January 31, 2011 (the "Initial Agreement"), which expired on January 31, 2013, and the Company and Executive desire to enter into a new employment agreement, as provided in this Agreement; and

WHEREAS, the Company and Executive hereby agree that Executive shall continue to 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 continue to employ Executive, and Executive, in consideration of such employment and other consideration set forth herein, hereby agrees to continue employment, upon the terms and conditions set forth herein.

2. POSITION AND DUTIES

During the Term (as defined in Section 10) 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 Directors (the "Board") of the Company, and/or as an officer or director 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 may establish from time to time. In addition, during the Term, the Company intends that Executive shall serve as a member of the Board, and, subject to the Board's exercise of its fiduciary duties, the Company intends that the Board shall nominate Executive for re-election on each occasion during the Term when his term as a director is scheduled to expire, provided that the Company shall have no liability under this Agreement if Executive is not elected by the shareholders to serve as a member of the Board or if, in accordance with the exercise of its fiduciary duties, the Board elects not to nominate the Executive for membership of the Board.

3. COMPENSATION AND BENEFITS

Subject to such modifications as may be contemplated by Exhibit A and approved from time to time by the Board or the Compensation Committee of the Board (the "Committee"), and unless otherwise consented to by Executive, Executive shall receive the compensation and benefits listed on the attached Exhibit A, which is incorporated herein and expressly made a part of this Agreement. 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. All expenses eligible for reimbursements in connection with the Executive's employment with the Company must be incurred by Executive during the term of employment and must be in accordance with the Company's expense reimbursement policies. The amount of reimbursable expenses incurred in one taxable year shall not affect the expenses eligible for reimbursement in any other taxable year. Each category of reimbursement shall be paid as soon as administratively practicable, but in no event shall any such reimbursement be paid after the last day of Executive's taxable year following the taxable year in which the expense was incurred. No right to reimbursement is subject to liquidation or exchange for other benefits.

5. BINDING AGREEMENT

The Company warrants and represents to 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, subject to Board consent, which consent will not be unreasonably withheld, 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 AND TRADE SECRETS

The Company is in the business of providing solutions, including comprehensive suites of health information solutions relating to enterprise content management, business analytics and integrated workflow systems, that help hospitals, physician groups and other healthcare organizations improve

efficiencies and business processes across the enterprise to enhance and protect revenues, offering a flexible, customizable way to optimize the clinical and financial performance of any healthcare organization (the "Business").

For the purpose of this Agreement, "Confidential Information" shall mean any written or unwritten information which 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 computers, 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 (including any information about the identity of the Company's customers or

2

suppliers and written customer lists and customer prospect lists), or information about customer requirements, transactions, work orders, pricing policies, plans or any other Confidential Information, which the Company deems confidential and proprietary and 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 through his employment with 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 (in which event Executive shall immediately notify the Company of such requirement or order so as to give the Company an opportunity to seek a protective order or other manner of protection prior to production or disclosure of the information). Executive acknowledges that Confidential Information is novel, proprietary to and of considerable value to the Company.

Confidential Information shall also include confidential information of third parties, clients or prospective clients that has been provided to the Company and/or to Executive in conjunction with Executive's employment, which information the Company is obligated to treat as confidential. Confidential Information does not include information voluntarily disclosed to the public by the Company, except where such public disclosure has been made by the Executive without authorization from the Company, or which has been independently developed and disclosed by others, or which has otherwise entered the public domain through lawful means.

Executive acknowledges that all Confidential Information is the valuable, unique and special asset of the Company and that the Company owns the sole and exclusive right, title and interest in and to this Confidential Information.

(a) To the extent that the Confidential Information rises to the level of a trade secret under applicable law, then Executive shall, during Executive's employment and for as long thereafter as the Confidential Information remains a trade secret (or for the maximum period of time otherwise allowed under applicable law) protect and maintain the confidentiality of these trade secrets and refrain from disclosing, copying or using the trade secrets without the Company's prior written consent, except as necessary in Executive's performance of Executive's duties while employed with the Company.

(b) To the extent that the Confidential Information defined above does not rise to the level of a trade secret under applicable law, Executive shall not, during Executive's employment and thereafter for a period of two (2) years, 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 except in the performance of his duties as an employee of the Company. Executive further agrees that, during Executive's employment and thereafter for a period of two (2) years, 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 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.

3

Executive agrees that, upon the request of the Company, or in any event immediately upon termination of his employment for whatever reason, Executive will immediately deliver up to the Company or its designee all Confidential Information in Executive's possession and/or control, and all notes, records, memoranda, correspondence, files and other papers, and all copies thereof, 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 with the Company, 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. PROTECTIVE COVENANTS

(a) Non-Solicitation of Customers or Clients. During Executive's employment and for a period of two (2) years following the date of any voluntary or involuntary termination of Executive's employment for any reason, Executive agrees not to solicit, directly or by assisting others, any business from any of the Company's customers or clients, including actively sought prospective customers or clients, with whom Executive has had material contact during Executive's employment with the Company, for the purpose of providing products or services that are competitive with those provided by the

Company. As used in this paragraph, "material contact" means the contact between Executive and each customer, client or vendor, or potential customer, client or vendor (i) with whom or which Executive dealt on behalf of the Company, (ii) whose dealings with the Company were coordinated or supervised by Executive, (iii) about whom Executive obtained confidential information in the ordinary course of business as a result of Executive's association with the Company, or (iv) who receives products or services authorized by the Company, the sale or provision of which products or services results or resulted in compensation, commissions or earnings for Executive within two years prior to the date of the employee's termination.

(b) Non-Piracy of Employees. During Executive's employment and for a period of two (2) years following the date of any voluntary or involuntary termination of Executive's employment, Executive covenants and agrees that Executive shall not, directly or indirectly, within the Territory, as defined below: (i) solicit, recruit or hire (or attempt to solicit, recruit or hire) or otherwise assist anyone in soliciting, recruiting or hiring, any employee or independent contractor of the Company who performed work for the Company within the last year of Executive's employment with the Company, or (ii) otherwise encourage, solicit or support any such employee or independent contractor to leave his or her employment or engagement with the Company.

4

(c) Non-Compete. During Executive's employment with the Company and for a period of two (2) years following the date of any voluntary or involuntary termination of Executive's employment for any reason, and provided that the Company is not in default of its obligations specified in Sections 11 and 13 hereof, Executive agrees not to, directly or indirectly, compete with the Company, as an officer, director, member, principal, partner, shareholder, owner, manager, supervisor, administrator, employee, consultant or independent contractor, by working for a competitor to, or engaging in competition with, the Business, in the Territory (as defined herein), in a capacity in which Executive performs duties and responsibilities that are the same as or similar to the duties performed by Executive while employed by the Company, 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, as amended (the "Exchange Act"). The "Territory" shall be defined to be that geographic area comprised of the following states in the United States of America and the Canadian provinces of Quebec and Alberta:

Alabama	Indiana	Nebraska	South Carolina
Alaska	Iowa	Nevada	South Dakota
Arizona	Kansas	New Hampshire	Tennessee
Arkansas	Kentucky	New Jersey	Texas
California	Louisiana	New Mexico	Utah
Colorado	Maine	New York	Vermont
Connecticut	Maryland	North Carolina	Virginia
Delaware	Massachusetts	North Dakota	Washington
Florida	Michigan	Ohio	West Virginia
Georgia	Minnesota	Oklahoma	Wisconsin
Hawaii	Mississippi	Oregon	Wyoming
Idaho	Missouri	Pennsylvania	
Illinois	Montana	Rhode Island	

; provided, however, that the Territory described herein is a good faith estimate of the geographic area that is now applicable as the area in which the Company does or will do business during the term of Executive's employment, and the Company and Executive agree that this non-compete covenant shall ultimately be construed to cover only so much of such Territory as relates to the geographic areas in which the Company does business within the two-year period preceding termination of Executive's employment.

10. **TERM**

Unless earlier terminated pursuant to Section 11 herein, the term of this Agreement shall be for a period beginning on the Effective Date and ending on January 31, 2015 (the "Initial Term"). Upon expiration of the Initial Term, this Agreement shall automatically renew in successive one-year periods (each a "Renewal Period"), unless Executive or the Company notifies the other party at least 60 days prior to the end of the Initial Term or the applicable Renewal Period that the Agreement shall not be renewed. If this Agreement is renewed in accordance with this Section 10, each Renewal Period shall be included in the definition of "Term" for purposes of this Agreement. Unless waived in writing by the Company, the requirements of Section 7 (Confidential Information and Trade Secrets), Section 8 (Property of the Company) and Section 9 (Protective Covenants) shall survive the expiration or termination of this Agreement or Executive's employment for any reason.

5

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. In such event, the Company shall pay to the estate of Executive the sum of (i) accrued but unpaid base salary earned prior to Executive's death (to be paid in accordance with normal practices of the Company) and (ii) expenses incurred by Executive prior to his death for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and Executive shall be entitled to no severance or other post-termination benefits.

(b) Continued Disability. This Agreement and Executive's employment hereunder may be terminated, at the option of the Company, upon a Continued Disability (as defined herein) of Executive. For the purposes of this Agreement, and unless otherwise required under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), "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 or the Committee in its reasonable discretion; provided, however, that if Executive is not satisfied with the decision of the Board or the Committee, Executive will submit to examination by three competent physicians who practice in the metropolitan area in which the Company maintains its principal executive office, 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 or the Committee and shall be final and conclusive. In the event of the termination of Executive's employment due to Continued Disability, the Company will pay to Executive the sum of (i) accrued but unpaid base salary earned prior to the date of the Executive's termination of employment due to Continued Disability (paid in accordance with the normal practices of the Company), and (ii) expenses incurred by Executive prior to his termination of employment for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and Executive shall be entitled to no severance or other post-termination benefits.

(c) Termination by the Company for Good Cause, by Executive Other Than for Good Reason, or upon Non-Renewal of the Term by Executive. Notwithstanding any other provision of this Agreement, the Company may at any time terminate this Agreement and Executive's employment thereunder for Good Cause, Executive may at any time terminate his employment other than for Good Reason (as defined in Section 11(d) herein), or Executive may notify the Company that he will not renew the Term. 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 termination by the Company for Good Cause shall be delivered in writing to Executive stating the full basis for such cause along with any notice of such termination. If the employment of Executive is terminated by the Company for Good Cause, if Executive terminates employment for any reason other than for Good Reason (including but not limited to resignation), or if Executive notifies the Company he will not renew the Term, then, the

6

Company will pay to Executive the sum of (i) accrued but unpaid salary through the termination date (paid in accordance with the normal practices of the Company), and (ii) expenses incurred by Executive prior to his termination date for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and Executive shall be entitled to no severance or other post-termination benefits.

(d) Termination by the Company without Good Cause, by Executive for Good Reason, or upon Non-Renewal of the Term by the Company. The Company may terminate this Agreement and Executive's employment at any time, including for reasons other than Good Cause (as "Good Cause" is defined in Section 11(c) above), Executive may terminate his employment at any time, including for Good Reason, or the Company may elect not to renew the Term. For the purposes herein, "Good Reason" shall mean (i) a material diminution of Executive's base salary; (ii) a material diminution in Executive's authority, duties, or responsibilities; (iii) any requirement that Executive report to a corporate officer or employee instead of directly to the Board or (within the normal purview of the position) the non-executive Chairman of the Board; (iv) a material change in geographic location at which the Executive must perform services as of the Effective Date, which is Atlanta, Georgia; or (v) any other action or inaction that constitutes a material breach of the terms of this Agreement; provided that Executive's termination shall not be treated 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. In the event that (i) the Company terminates the employment of Executive during the Term for reasons other than for Good Cause, death or Continued Disability, (ii) Executive terminates employment for Good Reason, or (iii) the Company elects not to renew the Term for the year following the Initial Term by giving notice during the Initial Term of its intent not to renew, then the Company will pay Executive the sum of (A) accrued but unpaid salary through the termination date (paid in accordance with the normal practices of the Company), (B) expenses incurred by Executive prior to his termination date for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, (C) provided that Executive is not in default of his obligations under Section 7, 8, or 9 herein, an amount equal to 1.25 times the aggregate of (X) Executive's annual base salary as in effect as of the date of such termination from employment, and (Y) an amount equal to the higher of the bonus paid to Executive for the fiscal year prior to the fiscal year during which termination occurs or Executive's target annual bonus for the fiscal year during which termination occurs, and (D) the 2011 Options and the 2012 Option shall become fully vested and remain exercisable until the earlier of the end of the applicable option period or one hundred and eighty (180) days from the date of Executive's termination of employment, as described in Section 4 of Exhibit A ((A) through (D) collectively the "Separation Benefits"). In such event, the payments described in (C) in the preceding sentence shall be made following Executive's execution (and non-revocation) of a form of general release of claims as is acceptable to the Board or the Committee if the general release form is provided to the Executive within one month of the Executive's date of termination. In any event, that portion of the severance payment described in clause (C) above that exceeds the "separation pay limit," if any, shall be paid to the Executive in a lump sum payment within thirty (30) days following the date of Executive's termination of employment (or such earlier date following the date of Executive's termination of employment, if any, as may be required under applicable wage payment laws), but in no event later than the fifteenth (15th) day of the third (3rd) month following the Executive's date of termination. The "separation pay limit" shall mean two (2) times the lesser of: (1) the sum of Executive's annualized compensation based upon the annual rate of pay for services provided to the Company for the calendar year immediately preceding the calendar year in which Executive's date of termination occurs of employment (adjusted for any increase during that calendar year that was expected to continue indefinitely if Executive had not terminated employment); and (2) the maximum dollar amount of compensation that may be taken into account under a tax-qualified retirement plan under Code Section 401(a)(17) for the year in which his termination of employment occurs. The lump-sum payment

7

to be made to Executive pursuant to this Section 4(a)(ii) is intended to be exempt from Code Section 409A under the exemption found in Regulation Section 1.409A-1(b)(4) for short-term deferrals. The remaining portion of the severance payment described in clause (C) above shall be paid in periodic installments over the 15-month period commencing on the first post-termination payroll date following expiration of the revocation period described above and shall be paid in accordance with the normal payroll practices of the Company. Notwithstanding the foregoing, in no event shall such remaining portion of the severance payment described in clause (C) above be paid to Executive later than December 31 of the second calendar year following the calendar year in which Executive's date of termination of employment occurs. The payments to be made to Executive pursuant to the immediately preceding sentence are intended to be exempt from Code Section 409A under the exemption found in Regulation Section 1.409A-1(b)(9)(iii) for separation pay plans (i.e., the so-called "two times" pay exemption). For the sake of clarity, if the Company allows the renewal of the Term for the first year following the Initial Term, then no subsequent election not to renew shall trigger any rights to severance or other benefits.

(e) Payment of COBRA Premiums; Other Benefit Programs. In the event that (i) the Company terminates Executive's employment for any reason other than Good Cause, (ii) Executive terminates his employment for Good Reason, or (iii) the Company gives notice during the Initial Term of its election not to renew the Term beyond the Initial Term, then, provided that Executive timely elects to receive continued coverage under the Company's group

medical and dental insurance plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended (“COBRA”), and does not default on his obligations under Section 7, 8, or 9 hereof, for the period commencing on the date of Executive’s termination and continuing until the earlier of the end of the 18-month period following his termination date or the first of the month immediately following the Company’s receipt of notice from Executive terminating such coverage, Executive (and any qualified dependents) will be entitled to coverage under such plans (as may be amended during the period of coverage) in which Executive was participating immediately prior to the date of his termination of employment (the “COBRA Coverage”). The cost of the premiums for such coverage will be borne by the Company, except that Executive will reimburse the Company for premiums becoming due each month with respect to such coverage in an amount equal to the difference between the amount of such premiums and the portion thereof currently being paid by the Executive. Executive’s portion of such premiums will be payable by the first of each month commencing the first month following the month in which his termination of employment occurs, as part of the Company’s regular payroll. The period during which Employee is being provided with health insurance under this Agreement at the Company’s expense will be credited against Employee’s period of COBRA coverage, if any. Further, if at any time during the period Executive is entitled to premium payments under this Section 11(e), Executive becomes entitled to receive health insurance from a subsequent employer, the Company’s obligation to continue premium payments to Executive shall terminate immediately. For the sake of clarity, if the Company allows the renewal of the Term for the first year following the Initial Term, then no subsequent election not to renew shall trigger any rights to severance or other benefits.

12. **ADVICE TO PROSPECTIVE EMPLOYERS**

If Executive seeks or is offered employment by any other company, firm or person during his employment or during the post-termination restricted periods, 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.

8

13. **CHANGE IN CONTROL**

(a) In the event of a Change in Control (as defined herein) of the Company, (i) all stock options, restricted stock, and all other equity awards granted to Executive prior to the Change in Control shall immediately vest in full, (ii) if, within 90 days prior to a Change of Control, the Company terminates the employment of Executive for reasons other than for Good Cause, death or Continued Disability, Executive terminates employment for Good Reason, or the Company elects not to renew the Term, then, the Company shall provide the Separation Benefits and the COBRA Coverage, and, in addition to the benefit described in clause (D) of the Separation Benefits, all other stock options, restricted stock, and other equity awards granted to Executive shall immediately vest in full as of the date of termination and shall remain exercisable until the earlier of the end of the applicable option period or one hundred and eighty (180) days from the date of Executive’s termination of employment, and (iii) if, within 12 months following a Change in Control, the Company terminates the employment of Executive for reasons other than for Good Cause, death or Continued Disability, Executive terminates employment for Good Reason, or the Company elects not to renew the Term, then, (a) the Company shall provide the Separation Benefits and the COBRA Coverage, and (b) all stock options, restricted stock, and other equity awards granted to Executive shall immediately vest in full as of the date of termination and shall remain exercisable until the earlier of the end of the applicable option period or one hundred and eighty (180) days from the date of Executive’s termination of employment. 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 termination 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. For purposes of this Section 13(a) only, the payments described in clause (C) of the Separation Benefits shall be revised as follows: the phrase “an amount equal to 2 times the aggregate of” shall be substituted for the phrase “an amount equal to 1.25 times the aggregate of”, and such payments are intended to be exempt from Code Section 409A under the short-term deferral and two times pay exemptions.

(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 Exchange 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 consummation of a merger, reorganization, consolidation or similar business combination that constitutes a change in control as defined in the Company’s 2005 Plan or other successor Stock Plan and/or results in the occurrence of any event described in Sections 13(b) (i), (ii) or (iii) above.

9

(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 Code Sections 280G and 4999, 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, the activities proscribed, 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 Sections 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/or the arbitrator; and

(c) The time period, proscribed activities, 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, scope of activities, and/or geographical area, they will be valid and enforceable to such extent and 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.
1230 Peachtree Street NE
Suite 1000
Atlanta, Georgia 30309
Attn: Chief Financial Officer

10

(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 his 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. If the parties are unable to reach such agreement, then the provisions shall be modified as set forth in Section 14(c) above. 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 or by digitally scanned signature delivered electronically), and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and 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 Atlanta, Georgia.

Initialed by Executive

Initialed by Company

22. **GOVERNING LAW; FORUM SELECTION**

The provisions of this Agreement shall be governed by and interpreted in accordance with the laws of the State of Georgia 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 Fulton County, Georgia, and waives any objection thereto.

23. **CODE SECTION 409A**

Notwithstanding any other provision in this Agreement to the contrary, if and to the extent that Code Section 409A is deemed to apply to any benefit under this Agreement, it is the general intention of the Company that such benefits shall, to the extent practicable, comply with, or be exempt from, Code Section 409A, and this Agreement shall, to the extent practicable, be construed in accordance therewith. Deferrals of benefits distributable pursuant to this Agreement that are otherwise exempt from Code Section 409A in a manner that would cause Code Section 409A to apply shall not be permitted unless such deferrals are in compliance with Code Section 409A. In the event that the Company (or a successor thereto) has any stock which is publicly traded on an established securities market or otherwise and Executive is determined to be a "specified employee" (as defined under Code Section 409A), any payment that is deemed to be deferred compensation under Code Section 409A to be made to the Executive upon a separation from service may not be made before the date that is six months after Executive's separation from service (or death, if earlier). To the extent that Executive becomes subject to the six-month delay rule, all payments that would have been made to Executive during the six months following his separation from service that are not otherwise exempt from Code Section 409A, if any, will be accumulated and paid to Executive during the seventh month following his separation from service, and any remaining payments due will be made in their ordinary course as described in this Agreement. For the purposes herein, the phrase "termination of employment" or similar phrases will be interpreted in accordance with the term "separation from service" as defined under Code Section 409A if and to the extent required under Code Section 409A. Further, (i) in the event that Code Section 409A requires that any special terms, provisions or conditions be included in this Agreement, then such terms, provisions and conditions shall, to the extent practicable, be deemed to be made a part of this Agreement, and (ii) terms used in this Agreement shall be construed in accordance with Code Section 409A if and to the extent required. Further, in the event that this Agreement or any benefit thereunder shall be deemed not to comply with Code Section 409A, then neither the Company, the Board, the Committee nor its or their designees or agents shall be liable to any participant or other person for actions, decisions or determinations made in good faith.

12

24. **WITHHOLDING.**

The Company may withhold from any amounts payable under the Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

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 of the Board

EXECUTIVE

/s/ Robert E. Watson
Robert E. Watson

13

EXHIBIT A TO EMPLOYMENT AGREEMENT ("AGREEMENT") DATED APRIL 22, 2013, BETWEEN STREAMLINE HEALTH SOLUTIONS, INC. AND ROBERT E. WATSON — COMPENSATION AND BENEFITS(1)

1. Base Salary. Base Salary shall be paid at an annualized rate (retroactive to February 1, 2013) of \$325,000, which shall be subject to annual review and adjustment by the Compensation Committee of the Board (the "Committee") and/or the Board but shall not be reduced below \$325,000. Such amounts shall be payable to Executive in accordance with the normal payroll practices of the Company.

2. Annual Bonus. Target annual bonus and target goals shall be set by the Committee annually. Target annual bonus will be 65% of Executive's then current annual base salary. The annual 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 in cash no later than March 14 of the calendar year following the calendar year during which Executive's right to the annual bonus vests.
3. Benefits. Executive shall be eligible to 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 as they may be amended from time to time.
4. Stock Options.
 - (a) *Vesting and Post-Termination Exercise Provisions with respect to 2011 Options and 2012 Option.* The Company has previously granted to Executive two stand-alone inducement nonqualified stock options pursuant to a certain stock option agreement dated January 31, 2011 between the Company and Executive for 250,000 shares of the Company's common stock (the "Common Stock") at an option price of \$2.00 per share, and a certain stock option agreement dated January 31, 2011 between the Company and Executive for 150,000 shares of the Common Stock at an option price of \$3.00 per share (collectively, the "2011 Options," and such agreements, the "2011 Option Agreements"). The Company also has previously granted to Executive an incentive stock option under the Company's 2005 Incentive Compensation Plan, as amended (the "2005 Plan"), pursuant to a certain stock option agreement dated April 4, 2012 between the Company and Executive for 50,000 shares of the Common Stock at an option price of \$2.00 per share (the "2012 Option," and such agreement, the "2012 Option Agreement"). The Company and Executive hereby agree that the 2011 Options and the 2011 Option Agreements and the 2012 Option and the 2012 Option Agreement shall be deemed amended as follows, with the remaining provisions of such 2011 Option Agreements and the 2012 Option Agreement being unchanged:

With respect to the 2011 Options, 2011 Option Agreements, 2012 Option, and 2012 Option Agreement, in the event that the employment of Executive terminates for any reason other than Good Cause, then, notwithstanding any other vesting or post-termination exercise restrictions contained in the 2011 Option Agreements or the 2012 Option Agreement, (A) the 2011 Options and the 2012 Option shall become fully vested as of the date of the Executive's termination of employment, and (B) the 2011 Options and 2012 Option shall remain exercisable until the earlier of the end of the applicable

(1) Terms not defined herein have the meanings given such terms in the Agreement.

option period or one hundred and eighty (180) days from the date of Executive's termination of employment. The Company assumes no responsibility to provide additional notice to Executive regarding the termination of the 2011 Options or the 2012 Option.

- (b) *Grant of new stock option.* The Company hereby grants Executive a new stock option (the "New Option") for 100,000 shares of Common Stock at an option price equal to 100% of the fair market value of the Common Stock (as determined under the 2005 Plan or other applicable stock plan) on the grant date of the New Option. Such New Option shall be granted under the 2005 Plan or other stock plan. Such New Option shall be designated as an incentive stock option under Code Section 422 to the extent it so qualifies, shall have a 10-year term, shall vest monthly in 36 equal installments commencing on the first month after the grant date (such vesting to be subject to the continued employment of Executive) and shall be subject to such other terms and conditions as apply under the 2005 Plan or other applicable stock plan and related option agreement.



Tel: 312-856-9100
Fax: 312-856-1379
www.bdo.com

330 N Wabash, Suite 3200
Chicago, IL 60611

April 26, 2013

Securities and Exchange Commission
100 F Street N.E.
Washington, D.C. 20549

We have been furnished with a copy of the response to Item 4.01 of Form 8-K for the event that occurred on April 22, 2013, to be filed by our former client, Streamline Health Solutions, Inc. We agree with the statements made in response to that Item insofar as they relate to our Firm.

Very truly yours,

BDO USA, LLP
