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): August 16, 2012

Streamline Health Solutions, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**0-28132**	**31-1455414**
(State or other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

10200 Alliance Road, Suite 200, Cincinnati, OH	**45242-4716**
(Address of Principal Executive Offices)	**(Zip Code)**

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

(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 1.01 — Entry into a Material Definitive Agreement.

The disclosures in Items 2.01, 2.03 and 3.02, and the documents attached as Exhibits 10.1, 10.2, 10.3, 10.4, 10.5, 10.6, 10.7 and 10.8 of this report are incorporated herein by reference.

Item 2.01 — Completion of Acquisition.

On August 16, 2012 the Company closed its acquisition of substantially all of the outstanding stock of New York City-based Meta Health Technology, Inc., a New York corporation ("Meta"). The Company paid a total purchase price of $15 million, consisting of $13.4 million in cash and the issuance of 393,086 shares of the Company's common stock at a price of $4.07 per share and having an agreed upon value of approximately $1.6 million. The foregoing description of the acquisition transaction does not purport to be complete and is qualified in its entirety by reference to the full text of the Stock Purchase Agreement attached hereto as Exhibit 10.1 and incorporated herein by reference.

The required financial information in connection with the acquisition will be filed within the statutory time period.

On August 16, 2012, the Company issued a press release relating to the transactions described in this report. A copy of the press release is attached as Exhibit 99.1 of this report.

Item 2.03 — Creation of a Direct Financial Obligation.

In conjunction with the Meta acquisition, on August 16, 2012 the Company amended its previously filed Subordinated Credit Agreement and Senior Credit Agreement with Fifth Third Bank, whereby Fifth Third Bank provided the Company with a $5 million revolving line of credit, a $5 million senior term loan and a $9 million subordinated term loan, a portion of which was used to refinance the previously outstanding $4.1 million subordinated term loan. The loans are secured by substantially all of the assets of the Company and its subsidiaries. Borrowing under the term loans bear interest at a rate of LIBOR plus 5.50% and borrowing under the revolving loan bears interest at a rate equal to LIBOR plus 3.00%. The loans are subject to certain customary financial covenants, including, without limitation, covenants that require the Company to maintain a minimum adjusted EBITDA, to maintain a funded debt to adjusted EBITDA ratio and to maintain a fixed charge coverage ratio. There is also a commitment fee of 0.40% to be incurred on the unused revolving line of credit balance. The proceeds of these loans were used to finance the cash portion of the acquisition purchase price and to cover any additional operation costs as a result of the Meta acquisition. The foregoing description of the amendments to the Subordinated Credit Agreement and to the Senior Credit Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of Amendment No. 1 to Subordinated Credit Agreement and Amendment No. 1 to Senior Credit Agreement attached hereto as Exhibits 10.2 and 10.3, respectively, and incorporated herein by reference.

The disclosures in Item 3.02 regarding the financial obligations under the investment documents, and the documents attached as Exhibits 10.4, 10.5, 10.6, 10.7 and 10.8 of this report are incorporated herein by reference.

Item 3.02 — Unregistered Sales of Equity Securities.

In a separate transaction on August 16, 2012, the Company completed a $12 million equity investment with affiliated funds and accounts of Greenwich-based Great Point Partners, LLC, a Delaware limited liability company (such affiliated funds and accounts, "GPP"), and Atlanta-based Noro-Moseley Partners VI, L.P., a Delaware limited partnership ("NMP"), and another investor. The equity investment consisted of the Company issuing 2,416,784 shares of a new Series A 0% Convertible Preferred Stock at $3.00 per share (the "Preferred Stock"), warrants exercisable for up to 1,200,000 shares of the Company's common stock at an exercise price of $3.99 per share (the "Warrants"), and Convertible Subordinated Notes in the aggregate principal amount of $5,699,577.04, which, upon stockholder approval, convert into 1,583,220 shares of Preferred Stock. The Preferred Stock is convertible into shares of the Company's common stock on a one-for-one basis at $3.00 per share at any time at the discretion of the holder of such Preferred Stock. The Warrants may be exercised at any time during the period beginning on February 17, 2013 until 5 years from such initial exercise date. The foregoing description of the equity investment does not purport to be complete and is qualified in its entirety by reference to the full text of the Securities Purchase Agreement, form of Convertible Subordinated Note, form of Warrant, Registration Rights Agreement and Certificate of Designation of Preferences, Rights and Limitations of Series A 0% Convertible Preferred Stock, attached hereto as Exhibits 10.4, 10.5, 10.6, 10.7 and 10.8, respectively, and incorporated herein by reference.

The disclosures in Item 2.01 regarding the issuance of the shares of Company common stock in connection with the Meta acquisition, and the document attached as Exhibit 10.1 of this report are incorporated herein by reference.

Item 3.03 — Material Modifications to Rights of Security Holders.

(b) On August 16, 2012 the board of directors of the Company adopted the Certificate of Designation of Preferences, Rights and Limitations of Series A 0% Convertible Preferred Stock, which created the Preferred Stock issued in the equity investment transaction. The disclosures in Item 3.02 regarding the issuance of the Preferred Stock, and the document attached as Exhibit 10.8 of this report are incorporated herein by reference.

Item 5.02 — Departure of Certain Officers; Election of Directors.

(b) Effective August 16, 2012 simultaneous with the closing of the Meta acquisition, Richard Leach resigned as the Company's Senior Vice President, Solutions Marketing to pursue other endeavors.

(d) In connection with the equity investment, effective August 16, 2012 the board of directors of the Company increased the size of the board of directors from 7 members to 9 members creating two vacancies on the board of directors. Accordingly, Allen Moseley, a member of the general partner of NMP, was appointed to fill one of the two vacancies, effective as of the closing of the equity investment on August 16, 2012. The second vacancy will be filled at a later time by a candidate nominated by GPP and approved by the board of directors. In accordance with the Securities Purchase Agreement, NMP and GPP will continue to each have the right to nominate a director candidate so long as NMP or GPP, as the case may be, owns at least 7.5% of the issued and outstanding shares of common stock of the Company (on a fully diluted basis). Both Allen Moseley and the director to be selected by GPP will have the same compensation arrangements as the Company's other directors.

Item 5.03 — Amendment to Articles of Incorporation.

On August 16, 2012 the board of directors of the Company adopted the Certificate of Designation of Preferences, Rights and Limitations of Series A 0% Convertible Preferred Stock, which created the Preferred Stock issued in the equity investment transaction. The disclosures in Item 3.02 regarding the issuance of the Preferred Stock, and the document attached as Exhibit 10.8 of this report are incorporated herein by reference.

Item 9.01 — Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Stock Purchase Agreement, dated August 16, 2012, among the Company and certain shareholders of Meta Health Technology, Inc.
10.2	Amendment No. 1 to Subordinated Credit Agreement, dated August 16, 2012, among the Company, Streamline Health, Inc., IPP Acquisition, LLC and Fifth Third Bank
10.3	Amendment No. 1 to Senior Credit Agreement, dated August 16, 2012, among the Company, Streamline Health, Inc., IPP Acquisition, LLC and Fifth Third Bank
10.4	Securities Purchase Agreement, dated August 16, 2012, among the Company and each purchaser identified on the signature pages thereto
10.5	Form of Subordinated Convertible Note
10.6	Form of Common Stock Purchase Warrant
10.7	Registration Rights Agreement, dated August 16, 2012, among the Company and each of the purchasers signatory thereto
10.8	Certificate of Designation of Preferences, Rights and Limitations of Series A 0% Convertible Preferred Stock
99.1	Streamline Health Solutions, Inc. Press Release dated August 16, 2012

SIGNATURES

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

Streamline Health Solutions, Inc.

Date: August 21, 2012

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

Exhibit 10.1

Execution Version

STOCK PURCHASE AGREEMENT

by and among

STREAMLINE HEALTH, INC.
("***Buyer***");

STREAMLINE HEALTH SOLUTIONS, INC.
("***Parent***");

and

CERTAIN SHAREHOLDERS OF
META HEALTH TECHNOLOGY INC.
(the "*Shareholders*")

Dated as of August 16, 2012

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STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (together with the Schedules, Appendices and Exhibits referenced herein and attached hereto, the "***Agreement***"), dated as of August 16, 2012, is by and among (i) STREAMLINE HEALTH, INC., an Ohio corporation ("***Buyer***"), (ii) STREAMLINE HEALTH SOLUTIONS, INC., a Delaware corporation ("***Parent***"), and (iii) certain shareholders of META HEALTH TECHNOLOGY INC., a New York corporation (the "***Company***") as set forth on Appendix B attached hereto (each a "***Shareholder***" and collectively, the "***Shareholders***").

WHEREAS, the Shareholders collectively own ninety-seven and 827/1000 percent (97.827%) of the issued and outstanding shares of capital stock of Company; and

WHEREAS, the Shareholders desire to sell to Buyer, and Buyer desires to purchase from Shareholders, the shares of capital stock owned by each of the Shareholders, all in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants, and agreements, and subject to the terms and conditions, set forth herein, the parties agree as follows:

ARTICLE I
DEFINITIONS

Unless otherwise defined herein, capitalized terms used in this Agreement shall have the meanings ascribed to them in Appendix A attached hereto.

ARTICLE II
TRANSFER OF SHARES

Section 2.1 Sale of Shares. On the terms and subject to the conditions in this Agreement, Buyer will purchase from each Shareholder, and each Shareholder will sell, convey, transfer, assign and deliver to Buyer, free and clear of all Encumbrances, on the Closing Date, that number of the shares of common stock, $0.001 par value per share ("***Common Stock***") of Company set forth opposite his, her, or its name on Appendix B attached hereto (the "***Shares***").

Section 2.2 Method of Conveyance and Transfer. On or prior to the Closing Date, each Shareholder will deliver to Buyer all certificates evidencing the Shares that it owns, duly endorsed in blank by such Shareholder, or such other instruments of transfer as are reasonably acceptable to Buyer in each case, vesting in Buyer good and marketable title to such Shareholder's Shares, free and clear of all Encumbrances.

ARTICLE III
PAYMENT OF PURCHASE PRICE

Section 3.1 Purchase Price.

(a) The maximum aggregate amount that Buyer agrees to pay for all of the issued and outstanding shares of the Company is Sixteen Million Dollars ($16,000,000) (the "***Purchase Price***") consisting of (i) 393,086 shares of common stock, $0.01 par value per share, of Parent ("***Parent Common Stock***") having an agreed upon aggregate value of $4.07 per share or One Million Five Hundred Ninety Nine Thousand Eight Hundred Sixty and 02/100 Dollars ($1,599,860.02) in the aggregate as of the date of this Agreement (the "***Stock Consideration***") and (ii) cash in the amount of Fourteen Million Four Hundred Thousand One Hundred Thirty Nine and 98/100 Dollars ($14,400,139.98) (the "***Cash Consideration***"). On the Closing Date, the Cash Consideration minus (w) the Closing Date Liabilities (if any), minus (x) the Escrow Amount, minus (y) the Seller Representative Reserve, and minus (z) the Initial Working Capital Adjustment, shall constitute the "***Net Cash Consideration***". The Net Cash Consideration plus the value of the Stock Consideration divided evenly among the total number of shares of Common Stock outstanding equates to a net price per share of Common Stock of approximately $3.62 being paid initially by Buyer (the "***Net Share Price***"). At the Closing, Buyer shall: (i) pay to each Shareholder (by wire transfer or delivery of immediately available funds to the respective account specified by each Shareholder if requested by a Shareholder, or if either no wire instructions are provided or payment is for $100,000 or less, by check drawn on a U.S. bank and mailed to the address specified by each Shareholder) an amount in cash as set forth on Appendix B with respect to such Shareholder; and (ii) deliver to each Shareholder the number of shares of Parent Common Stock as set forth on Appendix B with respect to such Shareholder. The number of shares of Parent Common Stock for each Shareholder set forth on Appendix B represents such Shareholder's Pro Rata Portion of the total number of shares (truncated to the nearest whole share) of Parent Common Stock having a value of $1,600,000 and the cash payment for each Shareholder set forth on Appendix B represents such Shareholder's Pro Rata Portion of the Net Cash Consideration. At the Closing, each Stockholder is receiving approximately 14.5% of its consideration in shares of Parent Common Stock and approximately 85.5% of its consideration in cash. The cash and shares of Parent Common Stock to be paid and issued to each Shareholder pursuant to this Section 3.1(a) shall only be paid to such Shareholder upon receipt by Buyer of the deliverables required by clauses (c), (e), and (f) of Section 7.2 from such Shareholder.

(b) In addition, $3,000,000 of the Cash Consideration (the "***Escrow Amount***") shall be deposited by Buyer on the Closing Date in an escrow account (the "***Escrow Account***") with Wells Fargo Bank (the "***Escrow Agent***") to be held in escrow pursuant to an Escrow Agreement satisfactory to Buyer and the Majority Shareholder (the "***Escrow Agreement***"). The Escrow Amount shall be used solely to satisfy any shortfall payment required pursuant to the working capital adjustment provisions in Section 3.2 and any indemnification claims pursuant to Article VIII, and shall otherwise be disbursed for the benefit of the Entitled Parties as set forth in Section 8.4(d) and the Escrow Agreement.

(c) On the Closing Date, Buyer shall deposit $1,000,000 of the Cash Consideration (the "***Seller Representative Reserve***") with the Escrow Agent to be held on behalf of Eli Nahmias as the Majority Shareholder of Company (the "***Majority Shareholder***") in his capacity as seller representative pursuant to Section 10.1. The Seller Representative Reserve shall be used by the Majority Shareholder to pay for any expenses incurred by the Majority Shareholder while acting in his capacity as seller representative pursuant to Section 10.1, including fees and expenses of the Escrow Agent and the Disbursing Agent. Upon such time as the Majority Shareholder shall determine, in his sole discretion, that no additional expenses are reasonably likely to be incurred on behalf of the Shareholders, the Majority Shareholder shall direct the Escrow Agent to distribute the remainder of the Seller Representative Reserve to the Disbursing Agent, for distribution to all Entitled Parties in proportion to their respective Adjusted Ownership Percentages.

(d) Following the Closing, Buyer shall allow any shareholder of the Company that did not execute this Agreement to join as a party to this Agreement by executing a joinder agreement in form reasonably acceptable to Buyer (the "***Joinder Agreement***") and delivery by such shareholder of the documents required to be delivered by each Shareholder to this Agreement. To the extent that any shareholder of the Company has not executed this Agreement on the Closing Date or executed a Joinder Agreement to become a party to this Agreement within ten (10) days following Closing, Buyer shall transfer ownership of the Shares to a wholly-owned subsidiary ("***Merger Sub***") and shall approve a merger pursuant to Section 905 of the New York Business Corporation Law to merge Merger Sub with and into the Company, with the Company as the surviving entity (the "***Second Step Merger***"). The Second Step Merger will result in the Company becoming a wholly-owned subsidiary of Buyer. Pursuant to the Second Step Merger, each shareholder of the Company that is not a party to this Agreement shall be entitled to receive (x) consideration per share equal to the Net Share Price, with approximately fourteen and one half percent (14.5%) payable in shares of Parent Common Stock valued at $4.07 per share (truncated to the nearest whole share) and the remainder payable in cash, and (y) a portion of the Escrow Amount and the Seller Representative Reserve that is ultimately distributed to the Entitled Parties, if any, equal to such shareholder's Adjusted Ownership Percentage and payable when and if such funds are ultimately disbursed to the Entitled Parties.

Section 3.2 Working Capital Adjustment.

(a) Estimated Net Working Capital Calculation. On the Closing Date, the Majority Shareholder shall cause the Company to prepare and deliver to Buyer an estimated balance sheet as of the Closing Date (the "***Estimated Working Capital Statement***") setting forth the Company's good faith estimation of the Net Working Capital of the Company as of the Closing Date (the "***Estimated Closing Working Capital***"). The Estimated Working Capital Statement will be based on the general ledger of the Company and prepared in accordance with GAAP. The Majority Shareholder and Buyer will work together in good faith to resolve any disagreements regarding the Estimated Working Capital Statement or the Estimated Closing Working Capital reflected thereon. In the event the Estimated Closing Working Capital is less than one dollar ($1.00), the Cash Consideration portion of the Purchase Price will be decreased, on a dollar for dollar basis, by the amount of such shortfall, and in the event the Estimated Closing Working Capital is greater than one dollar ($1.00), the Cash Consideration portion of the Purchase Price will be increased, on a dollar for dollar basis, by the amount of such excess (such increase or decrease, the "***Initial Working Capital Adjustment***").

(b) Closing Date Working Capital Schedule. On or before September 30, 2013, Buyer will prepare and deliver to the Majority Shareholder a statement (the "***Closing Date Working Capital Statement***") setting forth Buyer's computation of the actual Net Working Capital of the Company as of the Closing Date (the "***Closing Date Working Capital***"). On or before thirty (30) days following the Closing Date, Buyer will prepare and deliver to the Majority Shareholder a pro-forma draft of the Closing Date Working Capital Statement setting forth any known adjustments to the Closing Date Working Capital as of such date, which draft will be for informational purposes only.

(c) Review of Closing Date Working Capital Statement; Disputes.

(i) Upon receipt of the Closing Date Working Capital Statement, the Majority Shareholder (together with the Majority Shareholder's professional advisors) will have the right during the succeeding forty-five (45) day period (the "***Review Period***") to examine all information contained in the books and records used to prepare the Closing Date Working Capital Statement. Buyer will provide to the Majority Shareholder and its professional advisors reasonable access to the books, records, work papers and personnel used to prepare the Closing Date Working Capital Statement during normal business hours; *provided*, *however* that any access granted to the Majority Shareholder and its professional advisors shall not unduly disrupt the day-to-day operations of Buyer or the Company.

(ii) If the Majority Shareholder disagrees with the calculation of the Closing Date Working Capital set forth in the Closing Date Working Capital Statement, he must notify Buyer in writing on or before the last day of the Review Period, setting forth a specific description of his objection(s), the amount of the adjustment which the Majority Shareholder believes should be made to each item to which he objects, and a detailed description of the basis for his disagreement therewith (such notice, a "***Notice of Disagreement***"). In the event that the Majority Shareholder does not provide a Notice of Disagreement in accordance with the terms above on or before the last day of the Review Period or the Majority Shareholder affirmatively notifies Buyer in writing that he agrees with the calculation of the Closing Date Working Capital set forth on the Closing Date Working Capital Statement, the Majority Shareholder will be deemed to have accepted the Closing Date Working Capital Statement delivered by Buyer and the calculation of the Closing Date Working Capital set forth therein will be final, binding, and conclusive for all purposes hereunder.

(d) Determination of Closing Date Working Capital.

(i) If the Majority Shareholder does provide a Notice of Disagreement in accordance with the terms above on a timely basis, Buyer and the Majority Shareholder will attempt in good faith for a period of fifteen (15) days (or such longer period as they may mutually agree in writing, the "***Private Resolution Period***") to resolve any disagreements with respect to the calculation of Closing Date Working Capital. The objections set forth in the Notice of Disagreement that are resolved by the Majority Shareholder and Buyer in accordance with this Section 3.2(d)(i) will collectively be referred to herein as the "***Resolved Objections***" and the Closing Date Working Capital Statement will be adjusted to reflect any Resolved Objections.

(ii) If, at the end of the Private Resolution Period, the Majority Shareholder and Buyer are unable to resolve all of the objections set forth in the Notice of Disagreement, the Majority Shareholder and Buyer will jointly engage an accounting firm mutually acceptable to Buyer and the Majority Shareholder (the "***Independent Auditors***") within five (5) days after the end of the Private Resolution Period to resolve any remaining disagreements. The Majority Shareholder and Buyer must jointly submit a listing of the objections set forth in the Notice of Disagreement that remain outstanding (collectively, the "***Differences***"), together with a statement of the facts submitted by the Majority Shareholder and Buyer, respectively, and such arguments as either of them chooses to make in connection therewith (each such a "***Statement of Claims***"), in writing to the Independent Auditors within ten (10) days after the Independent Auditors' engagement.

(iii) The Independent Auditors, acting as experts and not as arbitrators, will review the Differences and the Statement of Claims. The Independent Auditors will determine, within fifteen (15) days after the date on which such dispute is referred, based on the requirements set forth in this Article III and only with respect to the Differences and Statement of Claims timely submitted to the Independent Auditors, what adjustments (if any) to the Closing Date Working Capital Statement are required in order for it to accurately set forth the Net Working Capital of the Company as of the Closing Date. For purposes of this Section 3.2(d), the parties will pay the fees and expenses of the Independent Auditors as follows: (A) if the Independent Auditors resolve all of the remaining Differences in favor of the Majority Shareholder, Buyer will be responsible for all of the fees and expenses of the Independent Auditors, (B) if the Independent Auditors resolve all of the remaining Differences in favor of Buyer, the Shareholders will be responsible for all of the fees and expenses of the Independent Auditors, or (C) if the Independent Auditors resolve some of the Differences in favor of the Majority Shareholder and the rest of the Differences in favor of Buyer, Buyer, on the one hand, and the Shareholders, on the other hand, will share the fees and expenses of the Independent Auditors in a manner as determined to be fair based on the proportion of Differences resolved in favor of each party, as determined by the Independent Auditors. The determination of the Independent Auditors will be final, conclusive, and binding on the parties. The accepted or finally determined Closing Date Working Capital Schedule (whether determined pursuant to Section 3.2(c)(ii) or this Section 3.2(d)) is referred to as the "***Final Working Capital Schedule***." The date on which the Closing Date Working Capital of the Company is finally determined in accordance with this Section 3.2 is hereinafter referred to as the "***Settlement Date***."

(e) Post-Closing Adjustment.

(i) If the Final Working Capital Statement, as finally determined in accordance with the procedures described above, shows the Closing Date Working Capital is less than the Estimated Closing Working Capital, the Purchase Price will be deemed to be decreased by the amount of such shortfall, on a dollar for dollar basis, and such shortfall amount shall be released to Buyer from the Escrow Amount.

(ii) If the Final Working Capital Statement, as finally determined in accordance with the procedures described above, shows the Closing Date Working Capital exceeds the Estimated Closing Working Capital, the Purchase Price will be deemed to be increased by the amount of such excess (the "***Excess Amount***"), on a dollar for dollar basis, and (1) if the Excess Amount is greater than $300,000, the Excess Amount shall be paid by Buyer, within five (5) Business Days after the Settlement Date, to the Disbursing Agent to be distributed to all Entitled Parties in proportion to their respective Adjusted Ownership Percentages, by wire transfer or delivery of immediately available funds to the account specified by the Majority Shareholder, and (2) if the Excess Amount is $300,000 or less, the Excess Amount shall be added to the Seller Representative Reserve to be distributed in accordance with the terms of this Agreement (and in such event the definition of "Seller Representative Reserve" shall, for all purposes of this Agreement, be deemed to include the Excess Amount).

ARTICLE IV
REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF EACH SHAREHOLDER

Each Shareholder, severally and not jointly, represents and warrants to Buyer with respect to himself, herself, or itself only, as of the date hereof, as follows:

Section 4.1 Authority. Such Shareholder has the legal capacity, power and authority (including, if applicable, full organizational power and authority) to execute and deliver this Agreement and to perform his, her, or its obligations hereunder. All actions or proceedings to be taken by or on the part of such Shareholder to authorize and permit the execution and delivery by such Shareholder of this Agreement and the instruments required to be executed and delivered by it pursuant hereto, the performance by such Shareholder of its obligations hereunder and the consummation by such Shareholder of the transactions contemplated hereby, have been duly and properly taken. This Agreement has been duly executed and delivered by such Shareholder and constitutes the legal, valid and binding obligation of such Shareholder, enforceable against such Shareholder in accordance with its terms, except to the extent that enforcement of the rights and remedies created hereby may be affected by bankruptcy, reorganization, moratorium, insolvency, public policy, and similar laws of general application affecting the rights and remedies of creditors and by general equity principles.

Section 4.2 Title to Shares. Such Shareholder is the sole record and beneficial owner of, and has good and valid title to, the Shares stated to be owned by such Shareholder on Appendix B attached hereto, free and clear of any Encumbrance. Other than the Shares, such Shareholder does not own any other equity ownership interest in the Company or other securities convertible into or exchangeable for equity ownership interests in the Company (now, in the future, or upon the occurrence of any contingency) and is not a party to any option, warrant, purchase right or other contract or commitment that entitles such Shareholder to acquire any equity ownership interest in the Company or other securities convertible into or exchangeable for equity ownership interests in the Company (now, in the future, or upon the occurrence of any contingency).

Section 4.3 No Violation; Consents. The execution, delivery and performance by such Shareholder of this Agreement and the consummation by such Shareholder of the transactions contemplated hereby will not result in a breach or violation of, or a default under, (a) any organizational documents of such Shareholder, (b) any agreement to which such Shareholder is a party or by which such Shareholder or any of such Shareholder's Shares or other assets is bound, or (c) any order, judgment, decree, rule or regulation of any court or any Governmental Authority having jurisdiction over such Shareholder or any of such Shareholder's Shares or other assets. Except as set forth on Schedule 4.3, no consent, approval, order or authorization of, or filing with, any Governmental Authority or entity or any other party is required of such Shareholder in connection with the execution and delivery by such Shareholder of this Agreement or the consummation of any of the transactions contemplated hereby.

Section 4.4 Litigation. There is no action, suit, claim, demand, arbitration, or other proceeding or investigation, at law or in equity, administrative or judicial, pending or, to the knowledge of such Shareholder, threatened against or affecting such Shareholder that would prohibit such Shareholder from entering into this Agreement. Such Shareholder has not received notice that he, she, or it is the subject of any investigation of any Governmental Authority that would prohibit such Shareholder from entering into this Agreement, and such Shareholder is neither subject to, nor has he, she, or it been in default with respect to, any order, writ, injunction, or decree of any Governmental Authority.

Section 4.5 Brokers. Except for the brokers retained by the Company as set forth on Schedule 5.26, such Shareholder has not personally incurred, and will not personally incur upon the closing of the transaction described in this Agreement, any liability to any broker, finder, or agent for any brokerage fees, finder's fees, or commissions with respect to the transactions contemplated by this Agreement.

Section 4.6 Securities Not Registered; Investment Intent. Such Shareholder acknowledges that the shares of Parent Common Stock are being issued by Parent in reliance on Section 4(2) of the Securities Act of 1933, as amended, (the "***Securities Act***") and that Parent is relying on the representations and warranties of such Shareholder set forth in this Section 4.6 in establishing the availability of such exemption. Such Shareholder further acknowledges that the shares of Parent Common Stock to be acquired by such Shareholder pursuant to this Agreement have not been registered under the federal securities laws or the securities laws of any state or any other jurisdiction, and may not be offered or sold by such Shareholder unless subsequently registered under federal securities laws and any other securities laws or unless offered or sold in a transaction that is exempt from the registration provisions of the federal and other securities laws. Such Shareholder is purchasing the shares of Parent Common Stock for his, her, or its own account and for investment and not with a view towards distribution of the shares. Such Shareholder acknowledges that he, she, or it is aware of the business, affairs, and current prospects of Parent, and that he, she, or it has access to and reviewed all information regarding Parent and its business as he, she, or it deemed appropriate or desirable in connection with the acquisition of the shares of Parent Common Stock. Such Shareholder acknowledges that he, she, or it has such knowledge and experience in financial and business matters that he, she, or it is capable of evaluating the merits and risks of his, her, or its investment in the shares of Parent Common Stock.

Section 4.7 No Other Representations and Warranties. Such Shareholder acknowledges that, except to the extent provided in this Agreement, neither Parent, Buyer, nor their respective Representatives have made any representation or warranty with respect to any aspect of the business or operations of Parent, Buyer, the Company, or any of their Affiliates, including future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof), or future value of the shares of Parent Common Stock. Such Shareholder acknowledges that he, she, or it has not relied on any representation or warranty from Buyer, Parent, or any other Person in determining to enter into this Agreement, except as expressly set forth in this Agreement. Such Shareholder acknowledges that he, she, it and his, her, or its Representatives have been permitted full and complete access to all information regarding Parent, Buyer and their Affiliates that such Shareholder and his, her, or its Representatives have desired or requested to see or review, and that such Shareholder and his, her, or its Representatives have had an opportunity to meet with officers and employees of Parent and/or Buyer to discuss its business to the extent so requested. Neither Parent, Buyer, the Company, nor any of their Affiliates and their respective Representatives shall have or be subject to any liability arising out of such Shareholder's decision to acquire the shares of Parent Common Stock pursuant to this Agreement.

ARTICLE V
REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF THE MAJORITY SHAREHOLDER

The Majority Shareholder represents and warrants to Buyer, as of the date hereof, as follows:

Section 5.1 Organization and Standing. The Company is a corporation duly incorporated, validly existing, and in good standing under the laws of the State of New York, with full power and authority to conduct its business as and where now conducted, to own or use its properties at and where now owned or used by it, and to perform all its obligations under the contracts to which the Company is a party. The Company is not qualified to do business as a foreign entity in any jurisdictions, and there are no jurisdictions in which the property owned or used by it, or the nature of the business conducted by it, requires such qualification, except where failure to so qualify would not reasonably be expected to have a Material Adverse Effect.

Section 5.2 No Conflict; Consents. Except as set forth on Schedule 5.2, the execution, delivery, and consummation of this Agreement by the Shareholders (i) is not contrary to the Charter Documents of the Company, (ii) does not now and will not, with the passage of time, the giving of notice or otherwise, result in a violation or breach of, or constitute a default under, any term or provision of any indenture, mortgage, deed of trust, lease, instrument, order, judgment, decree, rule, regulation, law, contract, agreement, or any other restriction to which the Company is a party, (iii) will not result in the creation of any Encumbrance on the properties or assets of the Company, and (iv) will not result in any acceleration or termination of any loan or security interest agreement to which the Company is a party or to which any of its assets is subject or bound. Except as may be listed on Schedule 5.2, no approval or consent of any Person is or was required to be obtained by the Company for the execution of this Agreement by the Shareholders or the consummation by the Shareholders of the transactions contemplated in this Agreement.

Section 5.3 Capitalization. The authorized capital stock of the Company consists of 10,000,000 shares of Common Stock, of which 3,036,875 shares are issued and outstanding and are held by the Shareholders. Appendix B sets forth a true, accurate, and complete list of the outstanding shareholders of the Company and the share holdings in the Company of each such shareholder. All of such issued and outstanding shares are duly authorized, validly issued, fully paid and non-assessable, were not issued in violation of any law or of the preemptive rights or similar rights of any Person and are held of record by the Shareholders. At Closing, except for restrictions imposed by applicable federal and state securities laws, none of the Shares will be subject to any restrictions on transfer. The Company is not party to any outstanding warrant, right, option, conversion privilege, stock purchase plan, put, call or other contractual obligation relating to the offer, issuance, purchase or redemption, exchange, conversion, voting or transfer of any Shares or other securities convertible into or exchangeable for capital ownership interests of the Company (now, in the future or upon the occurrence of any contingency) or that provides for any unit appreciation or similar right. All option agreements relating to the Company that were outstanding prior to the date of this Agreement have been terminated, all amounts owed to the parties to such option agreements pursuant to such termination arrangements have been paid, and the Company has no outstanding liability in connection therewith in any manner.

Section 5.4 Subsidiaries; Investments in Other Entities. The Company does not have any subsidiaries, direct or indirect equity interest, or debt or other securities convertible into any equity, ownership, proprietary or voting interest, in any entity, corporation, or otherwise, or any right, warrant, or option to acquire any such interest.

Section 5.5 Real Property.

(a) The Company does not own any Real Property. The leased Real Property set forth on Schedule 5.5 (the "***Leased Real Property***") is the only Real Property occupied or used by the Company. The Company has delivered to Buyer a complete and correct copy of the existing lease for the Leased Real Property (the "***Real Property Lease***").

(b) The Real Property Lease is in full force and effect subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar statutes, rules, regulations or other laws affecting the enforcement of rights and remedies generally, and has not been modified, amended, sublet or assigned.

(c) The rental set forth in the Real Property Lease is the actual rental being paid, and there are no separate agreements or understandings between the lessor and the Company with respect to the same.

(d) The Company has not received any written notice that there is any default by the Company under the Real Property Lease.

(e) On performance by the Company of the terms of the Real Property Lease (all of which material terms, subject to the receipt of the consent described in Schedule 5.2, have been fully performed by the lessee as of the date of this Agreement), the Company has, subject to the terms and conditions of the Real Property Lease, the right to enjoy the use of the premises demised for the full term of the Real Property Lease without disturbance by any other party, and the Company has not assigned, pledged or otherwise encumbered the Real Property Lease or any leasehold interest arising by virtue of the Real Property Lease.

(f) All security deposits required to be paid by the Company under the Real Property Lease have been made and have not been refunded or returned, or their forfeiture claimed, in whole or in part, by lessor. Lessor has acknowledged receipt of the notifications and showings required by the Real Property Lease in order to permit a change of control of the Company in connection with the transactions contemplated by this Agreement without consent of the lessor.

Section 5.6 Environmental Matters.

(a) The Company has not allowed any Hazardous Material to be used, manufactured, stored, placed, processed or released on or off-site of the Leased Real Property, in violation of any Environmental Law. To the Knowledge of the Majority Shareholder, the Leased Real Property and the Company are in compliance in all material respects with all Environmental Laws. To the Knowledge of the Majority Shareholder, the Leased Real Property is not the subject of any investigation, notice, order or agreement, or threatened investigation regarding any remedial action or the Release, threatened Release or presence of a Hazardous Material.

(b) There have not been any reports, audits or assessments initiated by or authorized by the Company or, to the Knowledge of the Majority Shareholder, requested or ordered by any Governmental Authority within three (3) years prior to the date of this Agreement pertaining to any Environmental Law, Hazardous Materials, or human health and safety at or involving the Company or the Leased Real Property.

Section 5.7 Title to and Condition of Assets. Except as set forth on Schedule 5.7, the Company has good title to or, a valid leasehold interest in, the properties and assets used by it, located on its premises or shown on the Financial Statements or acquired after the date thereof in the Ordinary Course of Business necessary to operate the business of the Company as presently conducted, free and clear of all Encumbrances other than Permitted Encumbrances. Except in the Ordinary Course of Business, all tangible and intangible assets owned by the Company are in its possession or under its control. The tangible personal property and assets used by the Company are in good operating condition and repair, subject only to routine maintenance and ordinary wear and tear, except as would not otherwise have a Material Adverse Effect.

Section 5.8 Taxes.

(a) The Company has filed on a timely basis, all Tax Returns required to be filed by it accurately reflecting all Taxes owing to the United States or any other government or any government subdivision, state, local, or foreign, or any other Taxing authority. Except as set forth on Schedule 5.8, the Company has paid in full all Taxes for which it has or may have liability, regardless of whether shown on a Tax Return. All such Tax Returns are true, correct, and complete in all material respects and all positions taken by the Company therein are supported by a reasonable basis. The Majority Shareholder has no Knowledge of any unassessed Tax deficiency proposed or threatened against the Company. Except as set forth on Schedule 5.8, the Company is not currently the beneficiary of any extension of time within which to file any Tax Return.

(b) There are no Encumbrances on the Company or any of its assets as a result of any Tax liabilities except for Taxes not yet due and payable. There are, and after the date of this Agreement will be, no Tax deficiencies of any kind assessed against or relating to the Company with respect to any Taxable period ending on or before the Closing Date.

(c) The Company has complied in all respects with all Legal Requirements relating to the payment and withholding of Taxes, and the Company has, within the time and in the manner prescribed by law, withheld and paid over to the proper governmental authorities all amounts required to be so withheld and paid over under applicable Legal Requirements.

(d) The Company is not a party to any action, audit or proceeding by any Taxing or other Governmental Authority for the assessment or collection of Taxes and, to the Knowledge of the Majority Shareholder, no such action has been proposed, threatened, or asserted. The Company is not liable for the Taxes of any other Person as transferee or successor, by contract or otherwise. The Company has not been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

(e) There are no outstanding agreements or waivers extending the statutory period of limitations applicable to any Tax Return of the Company for any Period and the Company has not agreed to an extension of time with respect to a Tax assessment or deficiency. Except as set forth on Schedule 5.8, neither the IRS nor any state, local, or foreign Taxing authority has audited any Tax Return filed by the Company within the past six (6) years.

(f) The Company is not a party to any Tax rulings or closing agreements. Schedule 5.8 sets forth all jurisdictions in which the Company has filed or will file Tax Returns for each Taxable period, or portion thereof, ending on or before the Closing Date. The Company has provided Buyer with true and complete copies of the Company's Tax Returns for all Taxable periods beginning after January 1, 2006.

(g) There are no Tax sharing arrangements or similar arrangements (whether written or oral) in effect that include the Company, and the Company has no liability to any person with respect to any previously terminated Tax sharing agreement or similar arrangement, and the Company has never been a member of a consolidated, combined, or unitary group for federal or state income Tax purposes.

(h) Except as set forth on Schedule 5.8, no claim has ever been received by the Company from any Governmental Authority in any jurisdiction where the Company does not file a Tax Return that the Company is, or may be, subject to Taxation in that jurisdiction.

(i) The unpaid Taxes of the Company do not exceed in any material respect the amount accrued for such Tax liability on the most recent balance sheet contained in the Financial Statements, as adjusted for the Company's Ordinary Course of Business through the Closing Date in accordance with the past practice and custom of the Company in filing its Tax Returns.

(j) The Company is not a party to any contract, agreement, plan or arrangement covering any employee or former employee thereof that, individually or collectively, could give rise to the payment of any amount that would not be deductible by reason of the transactions contemplated by this Agreement pursuant to Section 280G of the Code.

(k) All nonqualified deferred compensation plans (as defined in Section 409A of the Code and the Treasury Regulations promulgated thereunder) of the Company have been operated in good faith compliance with Section 409A of the Code and the Treasury Regulations promulgated thereunder from January 1, 2005 through December 31, 2008 and have been operated in compliance with Section 409A of the Code and the Treasury Regulations promulgated thereunder from January 1, 2009 until the Closing Date.

(l) No adjustments have been made by the Company under Section 481 of the Code which will affect the Taxes of the Company for any taxable years which end on or after the Closing Date. Except as may be required due to the transactions contemplated by this Agreement, the Company is not required to include any item of income in, or exclude any deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of (i) any change in its method of accounting, (ii) any closing agreement as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign Tax law) executed on or prior to the Closing Date, (iii) any installment sale, open transaction disposition or any similar transaction, or (iv) any prepaid amount received on or prior to the Closing Date.

(m) The Company has not distributed stock of another Person in a transaction that was purported or intended to be covered in whole or in part by Section 355 or 361 of the Code.

Section 5.9 Litigation. Except as set forth on Schedule 5.9, there is no action, suit, claim, demand, arbitration, or other proceeding or investigation, at law or in equity, administrative or judicial, pending or, to the Knowledge of the Majority Shareholder, threatened against or affecting the Company. Except as set forth on Schedule 5.9, the Company has not received notice that it is the subject of any investigation of any Governmental Authority, and the Company is not subject to, nor is it or has it been in default with respect to, any order, writ, injunction, or decree of any Governmental Authority. Schedule 5.9 indicates which of the matters listed are covered by valid insurance and the extent of such coverage. Schedule 5.9 also sets forth all material actions, suits, claims, demands, arbitration, or other proceedings asserted against the Company since January 1, 2009 (whether or not still pending) and a description of any settlement, judgment, or other resolution of such matter.

Section 5.10 Financial Statements. The Financial Statements: (a) have been prepared from the books and records of the Company; (b) are true, accurate, and correct in all material respects; (c) present fairly the financial position of the Company, results of its operations and changes in its financial position at and for the periods therein specified in all material respects; (d) in the case of the Audited Financial Statements, have been prepared consistent with past practices and in accordance with GAAP applied on a consistent basis; and (e) in the case of the Audited Financial Statements, include all adjustments required for a fair presentation.

Section 5.11 Indebtedness and Liens. Schedule 5.11 is a true and complete list of all outstanding obligations of the Company relating to Debt, including all Debt obligations that are secured by liens against the Company or its assets, and such schedule sets forth the amount outstanding thereunder as of the date of this Agreement.

Section 5.12 Transactions with Affiliates. Except as set forth on Schedule 5.12, there is no existing Contract or other business relationship between any Affiliate of the Company and the Company. To the Knowledge of the Majority Shareholder, no Shareholder owns, directly or indirectly, any interest in any competitor of the Company, or supplier, customer, lessor, lessee, or other third party with whom the Company transacts business other than any interest owned, directly or indirectly, by a Shareholder in securities of any Person that are listed on a national securities exchange or are traded in the over-the-counter market if such securities owned comprise less than five percent (5%) of the outstanding securities of such Person. Except as set forth on Schedule 5.12, the Company has no Debt payable to any of its Shareholders (or, to the Knowledge of the Majority Shareholder, to a member of a Shareholder's immediate family) in any amount whatsoever other than (i) for salaries payable to employees or (ii) for expenses incurred by employees or consultants on behalf of the Company, in either case, in the Ordinary Course of Business.

Section 5.13 Capital Expenditure Plans. The Company has no commitments for material capital expenditures.

Section 5.14 Absence of Undisclosed Liabilities. Except as set forth in the Financial Statements or on Schedule 5.8 or Schedule 5.9, the Company is not obligated for, nor are its assets subject to, any material liabilities or adverse claims or obligations, absolute or contingent, except those current trade payables incurred in the Ordinary Course of Business since the most recent Financial Statements of the Company.

Section 5.15 Customers. Schedule 5.15(a) sets forth the ten (10) largest customers by dollar volume of the Company for the twelve (12) month period ended June 30, 2012. Except as set forth on Schedule 5.15(b), to the Knowledge of the Majority Shareholder, none of such customers has substantially reduced or threatened in writing to substantially reduce its relationship with the Company. Except as set forth on Schedule 5.15(c), to the Knowledge of the Majority Shareholder, no customer that had previously accounted for payments to the Company over greater than $250,000 in any twelve (12) month period in the last three (3) years has terminated any business relationship with the Company or substantially reduced its relationship with the Company since January 1, 2012.

Section 5.16 Material Contracts. Schedule 5.16 is a true, correct and complete list of all Contracts to which the Company is a party that require a payment of at least $25,000 per annum and are not terminable by the Company without penalty upon thirty (30) days' notice or less. With respect to each such Contract, except as set forth on Schedule 5.16: (a) the Contract is in full force and effect and is legal, valid, binding on, and enforceable in all material respects against the Company, and to the Knowledge of the Majority Shareholder, all other parties thereto; and (b) neither the Company, and to the Knowledge of the Majority Shareholder, any other party thereto, is in material breach or default of such Contract, and no event has occurred that with notice or lapse of time would constitute a material breach or default of such Contract, or permit modification, acceleration or early termination, under the Contract. Schedule 5.16 includes a description of any consents or approvals required of third parties under the terms of such Contracts for the consummation of the transactions contemplated by this Agreement. A true, correct, and complete copy of each written, and a description of each oral, Contract so listed has been delivered to Buyer or its counsel.

Section 5.17 Receivables. Schedule 5.17 contains a detailed aging schedule by customer for the Company as of July 31, 2012, which is a true, correct, and complete list of the accounts receivable of the Company as of that date. All accounts receivable of the Company represent valid claims that have arisen in the Ordinary Course of Business. Except as set forth on Schedule 5.17, no set-offs exist respecting any such accounts receivable.

Section 5.18 Employment Matters. Except as set forth on Schedule 5.18, the Company is not a party to, participant in, or bound by, any collective bargaining agreement, union contract or employment, bonus, deferred compensation, insurance, profit sharing or similar personnel arrangement, any equity purchase, option or other equity plans or programs or any employee termination or severance arrangement.

Section 5.19 Employees. Schedule 5.19 is a true and correct list of all employees of the Company, their accrued vacation and sick pay, their title and their annual compensation. A true, correct, and complete copy of each written employment contract with any employee has been delivered or made available to Buyer or its counsel. The Company has made no oral employment arrangement or obligation with any Person other than the offer of at-will employment and except for the arrangements described on Schedule 5.18 the Company has not made any commitment to an employee (whether orally or in writing) for the provision of any severance or other benefits upon termination of employment with the Company.

Section 5.20 Employee Benefit Plans and Other Plans. Except as set forth on Schedule 5.20, neither the Company nor any Controlled Group Member, directly or indirectly, maintains, sponsors, or has any obligation or liability with respect to any "employee benefit pension plan" as defined in Section 3(1) of ERISA, any "employee welfare benefit plan" as defined in Section 3(2) of ERISA, or any bonus, incentive, deferred compensation, retiree medical, severance, fringe benefit, or other benefit, plan, program, or arrangement (hereinafter referred collectively to as the "***Benefit Plans***" and each individually as a "***Benefit Plan***"). For purposes of this Agreement, "***Controlled Group Member***" means the Company and any Person which is required to be aggregated with the Company under Sections 414(b), (c), (m) or (o) of the Code. Except as set forth on Schedule 5.20:

(a) Each Benefit Plan has been substantially maintained in accordance with its terms and in all material respects with the requirements of applicable Legal Requirements.

(b) Each Benefit Plan and any trust created thereunder: (i) is, and has been, in compliance in all material respects with the applicable requirements of ERISA and (ii) has satisfied in all material respects the applicable provisions of the Code.

(c) Except as provided on Schedule 5.20, none of the Benefit Plans: (i) is subject to Title IV of ERISA; (ii) is a "multiemployer plan" as described in Section 3(37) of ERISA or Section 4001(a)(3) of ERISA; or (iii) provides retiree medical or retiree life coverage for any employee or any beneficiary of any employee after the employee's termination or employment with the Company other than continuation coverage required by applicable law, the cost of which is fully paid by the former employee or his dependent.

(d) All material payments have been made of amounts that the Company, or any Controlled Group Member, is required, under applicable law or under the Benefit Plan, to have paid up through and including the date on which the Closing Date shall occur as a contribution or a benefit for all the Benefit Plans. All contributions required to be made by, and all other liability of, the Company with respect to the Benefit Plan for the periods covered by the Financial Statements shall have been set forth on the appropriate Financial Statement in accordance with GAAP. The documents relating to the Benefit Plans that have been provided to Buyer or its Representatives are a complete and accurate copy of the documents applicable to the benefits to which any participant is entitled under the Benefit Plans and there are no other documents evidencing any terms of the Benefit Plans or rights of any Person in connection with the Benefit Plans.

Section 5.21 Licenses and Permits. The Company possesses all franchises, licenses, easements, permits, and other authorizations from Governmental Authorities and from all other Persons that are necessary to permit the Company to engage in its business as presently conducted and to use and occupy the Leased Real Property as such facility is presently being used and occupied, except where a failure to so possess would not reasonably be expected to have a Material Adverse Effect. A true and correct copy of each such franchise, license, permit, and other authorization has been furnished to Buyer and its counsel.

Section 5.22 Compliance with Laws. The Company is in compliance and has at all times been in compliance in all material respects with all Legal Requirements affecting the Company, including, without limitation, the Foreign Corrupt Practices Act.

Section 5.23 Intellectual Property.

(a) For purposes of this section, the following terms have the following definitions:

(i) "***Intellectual Property of the Company***" means all Owned IP and all Licensed IP.

(ii) "***Licensed IP***" shall mean any Intellectual Property owned by another Person that is necessary to or used by the Company, including the design, manufacture and use of the products and services of the Company as currently operated, including off-the-shelf software, but shall specifically not include the Owned IP.

(iii) "***Owned IP***" shall mean any Intellectual Property that is owned by the Company, whether or not such Intellectual Property has been registered with any Governmental Authority.

(b) Except as set forth on Schedule 5.23, the Company owns all right, title, and interest to (including, without limitation, the exclusive rights to use, license, make, have-made, sell, offer for sale, import, export, copy, display, prepare derivative works from, distribute, perform and exploit in any other manner, the same) the Owned IP, free and clear of any Encumbrances, other than Permitted Encumbrances (and without obligation to pay any royalty or other fees with respect thereto). All Licensed IP has been properly licensed from the owner of such Licensed IP, and the Company is in compliance with such Licenses in all material respects. The Intellectual Property of the Company set forth on Schedule 5.23 constitutes all Intellectual Property (other than Licensed IP for off-the-shelf applications) reasonably necessary for operation of the business as presently conducted. The Company has no liability to third parties for infringement or violation of any intellectual property rights of third parties with respect to the Owned IP. Except as set forth on Schedule 5.23, no item constituting part of the Owned IP has been registered with, filed in or issued by, as the case may be, the United States Patent and Trademark Office, United States Copyright Office, or any other Governmental Authority, domestic or foreign, or a duly accredited and appropriate domain name registrar. Schedule 5.23 sets forth all license agreements for the Licensed IP, other than off-the-shelf software; and no notice of any default has been received by the Company under any such Licensed IP which remains uncured and the execution, delivery or performance of the Company's obligations hereunder will not result in such a default. Each such license agreement is a legal, valid and binding obligation of the Company and, to the Knowledge of the Majority Shareholder, each of the other parties thereto, enforceable in accordance with the terms thereof. Neither the Company, nor to the Knowledge of the Majority Shareholder any other party thereto is in material breach or default of any license agreement set forth on Schedule 5.23, and no event has occurred that with notice or lapse of time would constitute a material breach or default of such license agreement, or permit modification, acceleration, or early termination, under the license agreement.

(c) Except as set forth on Schedule 5.23, (i) there are no pending or, to the Knowledge of the Majority Shareholder, threatened proceedings or litigation or other claims made against the Company asserting the invalidity, misuse, or unenforceability of any of the Intellectual Property of the Company, and, to the Knowledge of the Majority Shareholder, there are no valid grounds for the same, (ii) the Company has not received any notice, and the Majority Shareholder has no Knowledge of any facts or information which indicate a reasonable likelihood, that the activities of the Company has infringed, misappropriated, or conflicted with, or infringes, misappropriates, or conflicts with any Intellectual Property of another Person, (iii) to the Knowledge of the Majority Shareholder, the Owned IP has not been infringed, misappropriated, or conflicted by any other Person, and (iv) none of the Owned IP is, to the Knowledge of the Majority Shareholder, subject to any outstanding order, decree, judgment, stipulation, or agreement restricting the scope, disposition or use thereof.

(d) It will not be necessary to utilize any inventions, trade secrets, or proprietary information of the Company's current or former employees or consultants made prior to or during their employment or engagement by the Company, except for inventions, trade secrets, or proprietary information that have been assigned or licensed to the Company or were developed as "works-made-for-hire," as that term is defined under Section 101 of the United States Copyright Act, 17 U.S.C. § 101. All Intellectual Property rights relating to products prepared or developed by consultants for or to the Company, and any predecessor in interest, have been properly assigned in full and in writing or licensed in writing to the Company, or were developed as "works-made-for-hire," as that term is defined under Section 101 of the United States Copyright Act, 17 U.S.C. § 101. The Company has not created materials for any client that would be considered as "work-made-for-hire" as that term is defined under Section 101 of the United States Copyright Act, 17 U.S.C. § 101.

Section 5.24 Powers of Attorney; Bank Accounts. Except as set forth on Schedule 5.24(a), the Company has not given to any Person for any purpose any power of attorney (irrevocable or otherwise) that is presently in effect. Schedule 5.24(b) sets forth a true and correct list of each bank account of the Company and identifies the authorized signatories thereon.

Section 5.25 Insurance. Schedule 5.25 is a true and correct list of all the policies of insurance (other than those policies listed on Schedule 5.20) covering the Company and/or its properties and assets that are presently in force. To the Knowledge of the Majority Shareholder, all of such insurance policies are in full force and effect and all premiums, retention amounts, and other related expenses due have been paid, and the Company has not received any notice of cancellation with respect to any of the policies. True and correct copies of such policies have been made available to Buyer or its counsel, along with any and all schedules relating to such policies.

Section 5.26 Brokerage and Finder's Fees. Except as set forth on Schedule 5.26, the Company has not incurred, or will not incur upon the closing of the transactions described in this Agreement, any liability to any broker, finder, or agent for any brokerage fees, finder's fees, or commissions with respect to the transactions contemplated by this Agreement.

Section 5.27 Governing Documents; Officers and Directors. True, accurate, and complete copies of the Charter Documents of the Company, as well as all similar agreements governing the operation of the Company and/or its relationship with its shareholders, together with all amendments thereto, have been delivered to Buyer or its counsel. The Company has furnished to Buyer or its counsel accurate and complete copies of all resolutions adopted and all actions taken, authorized, or ratified by the board of directors or shareholders of the Company within the past two (2) years, and accurate and complete copies of the share ledger and share journals of the Company. Schedule 5.27 sets forth a true and correct list of the officers and directors of the Company.

Section 5.28 No Changes. Except as set forth on Schedule 5.28, since January 1, 2012, the Company has operated only in the Ordinary Course of Business. Without limiting the generality of the foregoing, except as set forth on Schedule 5.28, since January 1, 2012 there has not been:

(a) any damage, destruction, or other casualty affecting any material assets of the Company (whether or not covered by insurance);

(b) any sale, assignment, sublease, termination, or modification of any Contract of the type required by Section 5.16 above to be listed on Schedule 5.16;

(c) any mortgage, pledge, or subjection to Encumbrance of any kind of any of the assets of the Company, other than Permitted Encumbrances;

(d) (i) any increase of ten percent (10%) or more in the salaries or other compensation payable or to become payable to, or any increase of ten percent (10%) or more in, or any addition to, other benefits (including without limitation any bonus, profit-sharing, pension or other Benefit Plan) to which any of the Company's officers or employees who earned in 2011, or are expected to earn in 2012, in excess of $100,000 may be entitled, unless such increase was given in the Ordinary Course of Business, or (ii) any payments to any pension, retirement, profit-sharing, bonus or similar plan except payments in the Ordinary Course of Business made pursuant to the Benefit Plans described on Schedule 5.20;

(e) any making or authorization of any material capital expenditures outside of the Ordinary Course of Business;

(f) any sale, transfer, license, or other disposition of any assets of the Company tangible or intangible, (in one or more transactions) with a net book value in excess of $10,000 in the aggregate except in the Ordinary Course of Business;

(g) termination, nor, to the Knowledge of the Majority Shareholder, any threatened termination in writing, of any material Contract with any customer or supplier (other than a termination pursuant to the expiration of the term of such Contract);

(h) any payment, discharge or satisfaction of any liability or obligation (whether accrued, absolute, contingent or otherwise) by the Company, other than the payment, discharge or satisfaction, in the Ordinary Course of Business, of liabilities or obligations either (i) shown or reflected on the most recent Financial Statements of the Company, or (ii) incurred in the Ordinary Course of Business since the date of such Financial Statements;

(i) any write-offs as uncollectible of any notes or accounts receivable of the Company or write-downs of the value of any assets by the Company, other than the write-off of any notes or account receivables or write-down of any assets with a value (before valuation or other reserves) of less than $25,000 in the aggregate for all such write-offs and write-downs;

(j) any change by the Company in any method of accounting or keeping its books of account or accounting practices or policies or method of application thereof, including, but not limited to, changes in estimates or valuation methods;

(k) any payment or distribution of any kind (however described), loan or advance of any amount to or in respect of, or the sale, transfer, or lease of any properties or assets (whether real, personal or mixed, tangible or intangible) to, or entering into of any material agreement, arrangement, or transaction with, any Shareholder except for: (i) compensation to the officers and employees of the Company, in each case at rates not exceeding the rates of compensation disclosed on Schedule 5.19 or in accordance with Section 5.28(d) above; and (ii) reimbursement for reasonable business expenses in the Ordinary Course of Business; or

(l) any election, revocation, or amendment of any Tax election, any settlement or compromise of any claim or assessment with respect to Taxes, any execution of any closing agreement, any execution or consent to any waivers extending the statutory period of limitations with respect to the collection or assessment of any Taxes, or any amendment of any Tax Return.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES OF BUYER AND PARENT

Buyer and Parent, jointly and severally, represent and warrant to the Shareholders, as of the date hereof, as follows:

Section 6.1 Organization and Standing. Buyer is a corporation duly formed, validly existing, and in good standing under the laws of the State of Ohio. Buyer was formed for the purpose of consummating the transactions contemplated by this Agreement and has no business operations. Parent is a corporation incorporated and validly existing, and in good standing under the laws of the State of Delaware, with full power and authority to conduct its business, to own or use its properties, and to perform all of its obligations under this Agreement.

Section 6.2 Authority of Buyer. The execution, delivery, and consummation of this Agreement by Buyer and Parent have been duly authorized by the board of directors of Buyer and by the board of directors of Parent in accordance with all applicable Legal Requirements and the organizational documents of Buyer and Parent, and at the Closing Date no further action will be necessary on the part of Buyer and Parent to make this Agreement valid and binding on Buyer and Parent and enforceable against Buyer and Parent in accordance with its terms, except to the extent that enforcement of the rights and remedies created hereby may be affected by bankruptcy, reorganization, moratorium, insolvency, public policy, and similar laws of general application affecting the rights and remedies of creditors and by general equity principles. The execution, delivery, and consummation of this Agreement by Buyer and Parent are not contrary to the organizational documents of Buyer or Parent. No approval or consent of any Person is or was required to be obtained by Buyer or Parent for the authorization of this Agreement or the consummation by Buyer or Parent of the transactions contemplated in this Agreement.

Section 6.3 Brokerage and Finder's Fees. Neither Buyer nor Parent has incurred, or will incur upon the closing of the transaction described in this Agreement, any liability to any broker, finder, or agent for any brokerage fees, finder's fees, or commissions with respect to the transactions contemplated by this Agreement.

Section 6.4 Litigation. There is no action, suit, claim, demand, arbitration, or other proceeding or investigation, at law or in equity, administrative or judicial, pending or, to the Knowledge of Buyer and Parent, threatened against or affecting Buyer or Parent that would materially and adversely affect Buyer or Parent or would prohibit Buyer or Parent from entering into this Agreement. Neither Buyer nor Parent has received notice that either is the subject of any investigation of any Governmental Authority that would materially and adversely affect Buyer and Parent or would prohibit Buyer and Parent from entering into this Agreement, and neither are subject to, nor have they been in default with respect to, any order, writ, injunction, or decree of any Governmental Authority.

Section 6.5 Compliance with Laws. Buyer and Parent are in compliance in all material respects with all Legal Requirements affecting Parent's operations that would materially and adversely affect the consummation of this Agreement, including, without limitation, the Foreign Corrupt Practices Act

Section 6.6 Issuance of Shares. The shares of Parent Common Stock being issued to the Shareholders have been duly authorized, validly issued, fully paid and are non-assessable and are not subject to, and are not being issued in violation of, any preemptive rights or any applicable securities laws and regulations.

Section 6.7 SEC Reports. Parent has filed all material reports, schedules, forms, statements, and other documents required to be filed by Parent under the Securities Act or the Securities and Exchange Act of 1934, as amended.

Section 6.8 No Other Representations and Warranties. Buyer and Parent acknowledge that, except to the extent provided in this Agreement, neither the Shareholders nor their respective Representatives have made any representation or warranty with respect to (i) any forecasts, projections, estimates or budgets delivered or made available to Buyer or Parent of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of the business of the Company, or (ii) any other information or documents made available to Buyer, Parent or their Representatives with respect to the Company. Buyer acknowledges that it has not relied on any representation or warranty from any Shareholder or any other Person in determining to enter into this Agreement, except as expressly set forth in this Agreement. Buyer acknowledges that it and its Representatives have been permitted full and complete access to the books and records of the Company, with respect to the Company, that Buyer and its Representatives have desired or requested to see or review, and that Buyer and its Representatives have had an opportunity to meet with officers and employees of the Company to discuss its business. Neither the Shareholders nor any of their Affiliates and their respective Representatives shall have or be subject to any liability to Buyer resulting from the distribution to Buyer, or Buyer's use of, any such information, including any information, documents or material made available to Buyer in any "data rooms," management presentations or in any other form in expectation of the transactions contemplated hereby.

ARTICLE VII
CLOSING

Section 7.1 Closing. The consummation of the transactions provided for in this Agreement (the "***Closing***") shall take place through the simultaneous exchange of electronic or facsimile signatures and delivery of the items set forth in Sections 7.2 and 7.3 as of the date of this Agreement (the "***Closing Date***").

Section 7.2 Closing Deliveries of the Majority Shareholder. At or before the Closing, the Majority Shareholder shall deliver the following to Buyer:

(a) a true and correct copy of the Company's Certificate of Incorporation, certified by the Secretary of State of the State of New York of a date not more than ten (10) days prior to the Closing Date;

(b) a certificate of good standing from each jurisdiction set forth in Section 5.1 as to the good standing of the Company, which will be dated not more than ten (10) days prior to the Closing Date;

(c) the original stock certificates evidencing each Shareholder's ownership of the Shares, duly endorsed for transfer to Buyer or accompanied by a duly endorsed stock power, or to the extent any such certificate is not available an affidavit in form satisfactory to Buyer attesting to the loss of such certificate and authorizing the Company to register the transfer of such Shares into the name of Buyer and re-issue a certificate;

(d) a written resignation and release from each officer and director of the Company;

(e) a non-foreign affidavit from each Shareholder, dated as of the Closing Date, in form and substance required under Treasury Regulations issued under Section 1445 of the Code stating that such Shareholder is not a foreign person as defined in Section 1445 of the Code;

(f) a release, duly executed by each Shareholder in form satisfactory to Buyer, to the effect that following the Closing, the Company shall have no obligations or liabilities of any kind to such Shareholder or any of its respective Affiliates; and

(g) a certificate of an authorized officer of the Company, dated the Closing Date, (i) certifying that the document delivered pursuant to Section 7.2(a) is in effect and has not been amended or modified, and (ii) attaching a true and correct copy of the bylaws of the Company, and certifying that it is in effect and has not been amended or modified;

(h) a payoff and release letter from each investment banker, attorney, or other advisor to the Company that has an outstanding balance owed by the Company for expenses incurred in connection with the consummation of the transactions contemplated by this Agreement, which letter shall (i) set forth the entire outstanding amount owed as of the Closing Date, (ii) provide for a complete release of the Company for any other amounts that may become due and owing after the Closing Date, and (iii) an acknowledgement that such party shall look solely to the Shareholders for any obligation becoming due or owing following the Closing Date;

(i) UCC-3 termination statements and other terminations, pay-offs, and/or releases, necessary to terminate and release any and all liens or securities interests relating to the obligations set forth on Schedule 5.11;

(j) the corporate record books, minute books, and stock ledgers of the Company; and

(k) all consents set forth on Schedules 4.3 and 5.2.

Section 7.3 Closing Deliveries of Buyer. At or before the Closing, Buyer and Parent shall deliver the following to the Majority Shareholder:

(a) a true and correct copy of Buyer's Articles of Incorporation, certified by the Secretary of State of Ohio, and Parent's Articles of Incorporation, certified by the Secretary of State of the State of Delaware, of a date not more than ten (10) days prior to the Closing Date;

(b) a certificate as to the good standing of Buyer certified by the State of Ohio and a certificate as to the good standing of Parent certified by the State of Delaware;

(c) certificates of authorized officers of Buyer and Parent, dated the Closing Date, (i) certifying that the document delivered pursuant to Section 7.3(a) is in effect and has not been amended or modified, (ii) attaching a true and correct copy of Buyer's bylaws and certifying that it is in effect and has not been amended or modified, (iii) attaching copies of resolutions, duly adopted by the sole member of Buyer and by the board of directors of Parent authorizing the execution and delivery of this Agreement and each of the Ancillary Agreements and the performance of the transactions contemplated hereby and thereby, and certifying that such resolutions are in effect and have not been amended or modified, and (iv) certifying the incumbency of the officers of Buyer and Parent who are executing this Agreement;

(d) evidence of payment of the cash and stock portions of the Purchase Price, as required by Section 3.1;

(e) a release, duly executed by the Company in form satisfactory to the Majority Shareholder, to the effect that following the Closing, none of the Shareholders, Vivianne Nahmias, Dan Nahmias or Joseph Namhias shall have any obligations or liabilities of any kind to the Company; and

(f) original stock certificates evidencing the shares of Parent Common Stock to be issued in the name of each Shareholder on the Closing Date pursuant to Section 3.1(a); *provided, however*, Buyer may deliver such certificates to the Majority Shareholder within three (3) days following Closing to the extent that the certificates cannot be issued on the Closing Date.

ARTICLE VIII
REMEDIES

Section 8.1 General Indemnification Obligation.

(a) Each Shareholder severally and not jointly agrees, subject to the limitations contained in Section 8.3, to indemnify and hold harmless Buyer and Parent and their respective officers, managers, members, directors, employees, agents and Affiliates (each a "***Buyer Indemnified Party***") from and against any and all losses, liabilities, claims, damages, penalties, fines, judgments, awards, settlements, Taxes, costs, fees, expenses (including but not limited to reasonable attorneys' fees) and disbursements (collectively "***Losses***") actually sustained by any of such Persons based upon, arising out of, or otherwise in respect of:

(i) any inaccuracies in or any breach of any representation or warranty of such Shareholder contained in Article IV of this Agreement; and

(ii) any breach of any covenant or agreement of such Shareholder contained in this Agreement or any Ancillary Agreement (including any schedule or exhibit attached hereto or thereto); and

(b) The Shareholders agree, subject to the limitations contained in Section 8.3, to indemnify and hold harmless a Buyer Indemnified Party from and against any and all Losses actually sustained by any of such Persons based upon, arising out of, or otherwise in respect of:

(i) any inaccuracies in or any breach of any representation or warranty of the Majority Shareholder contained in Article V of this Agreement;

(ii) Taxes (or the non-payment thereof) of the Company for, or with respect to, taxable periods ending on or before the Closing Date and, with respect to taxable periods beginning before and ending after the Closing Date, Taxes of the Company to the extent such Taxes are attributable to the portion of the taxable period ending on the Closing Date (in all cases allocated in accordance with the principles of Section 9.2 below), and Taxes of any other Person imposed on the Company pursuant to Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract, operation of law or otherwise, which both (a) relate to an event or transaction occurring on or before the Closing Date, and (b) are properly allocable (under principles similar to those of Section 9.2 below) to taxable periods of such Person ending on or before the Closing Date and, with respect to taxable periods of such Person beginning before and ending after the Closing Date, Taxes of such Person to the extent such Taxes are attributable to the portion of the taxable period ending on the Closing Date; and

(iii) the Second Step Merger, including, without limitation, any award of consideration to a shareholder of the Company who has properly exercised his, her, or its appraisal rights in accordance with Section 623 of the New York Business Corporation Law in connection with the Second Step Merger to the extent such award exceeds the Net Share Price on a per share basis.

(c) Buyer and Parent, jointly and severally, shall indemnify and hold harmless each Shareholder, and its respective officers, directors, employees, agents and Affiliates (each a "***Seller Indemnified Party***") from and against any and all Losses actually sustained by any of such Persons based upon, arising out of or otherwise in respect of:

(i) any inaccuracies in or any breach of any representation or warranty of Parent or Buyer contained in this Agreement or any Ancillary Agreement (including any schedule or exhibit attached hereto or thereto);

(ii) any breach of any warranty, covenant, or agreement of Parent or Buyer contained in this Agreement or any Ancillary Agreement (including any schedule or exhibit attached hereto or thereto); and

(iii) any liability, loss, or obligation resulting from the operation of the Company or any of its business from and after the Closing Date.

Section 8.2 Notice and Opportunity to Defend.

(a) As soon as is reasonably practicable after a Seller Indemnified Party or Buyer Indemnified Party, as the case may be, becomes aware of any claim that it has under Section 8.1 that may result in a Loss (a "***Liability Claim***"), such Person (the "***Indemnified Party***") shall give notice thereof (a "***Claims Notice***") to the party hereto that is obligated to indemnify the Indemnified Party with respect to such claim (the "***Indemnifying Party***"). A Claims Notice shall describe the Liability Claim in reasonable detail, and shall indicate the amount (estimated, if necessary and to the extent feasible) of the Loss that has been or may be suffered by the Indemnified Party. No delay in or failure to give a Claims Notice by the Indemnified Party to the Indemnifying Party pursuant to this Section 8.2(a) shall adversely affect any of the other rights or remedies which the Indemnified Party has under this Agreement, or alter or relieve the Indemnifying Party of its obligation to indemnify the Indemnified Party, unless such delay or failure has materially prejudiced the Indemnifying Party.

(b) To the extent that any Liability Claim relates to a third party proceeding (a "***Third Party Claim***"), the Indemnifying Party may elect, by providing written notice to the Indemnified Party within thirty (30) days after receipt of a Claims Notice from the Indemnified Party of the commencement or assertion of any Liability Claim in respect of which indemnity may be sought hereunder, to assume and conduct the defense of such Third Party Claim in accordance with the limits set forth in this Agreement with counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnified Party. If the Indemnifying Party does not assume the defense of a Third Party Claim in accordance with this Section 8.2(b), the Indemnified Party may continue to defend the Third Party Claim. If the Indemnifying Party has assumed the defense of a Third Party Claim as provided in this Section 8.2(b), the Indemnifying Party will not be liable for any legal expenses subsequently incurred by the Indemnified Party in connection with the defense thereof; *provided*, *however*, that if (i) the Indemnifying Party fails to take reasonable steps necessary to defend diligently such Third Party Claim or (ii) a settlement of, or adverse judgment with respect to, the Third Party Claim would reasonably be expected to have a material adverse effect on, or is likely to establish a precedential custom or practice materially adverse to the continuing business or Tax position of, the Indemnified Party (including, without limitation, any increase in the Tax liability of Buyer, the Company, or any Affiliate thereof), the Indemnified Party may assume its own defense, and the Indemnifying Party shall be liable for all reasonable costs or expenses paid or incurred in connection therewith. The Indemnifying Party or the Indemnified Party, as the case may be, shall have the right to participate in (but not control), at its own expense, the defense of any Third Party Claim which the other is defending as provided in this Agreement. The Indemnifying Party, if it shall have assumed the defense of any Third Party Claim as provided in this Agreement, shall not, without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld), consent to a settlement of, or the entry of any judgment arising from, any such Third Party Claim which (i) does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the Indemnified Party a complete release from all liability in respect of such Third Party Claim, or (ii) grants any injunctive or equitable relief, or (iii) may reasonably be expected to have a material adverse effect on, or is likely to establish a precedential custom or practice material adverse to, the continuing business or Tax position of the Indemnified Party (including, without limitation, any increase in the Tax liability of Buyer or any Affiliate thereof). The Indemnified Party shall not settle any Third Party Claim, without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, conditioned, or delayed.

(c) In the event that any Indemnified Party asserts a claim for indemnification that does not involve a Third Party Claim (a "***Non-Third Party Claim***"), the Indemnified Party shall deliver a Claims Notice to the Indemnifying Party with respect to such Non-Third Party Claim, which Claims Notice shall contain (i) a description in reasonable detail of the facts giving rise to the claim for indemnification, (ii) if then known, the amount or the method of computation of the amount of such claim, and (iii) a reference to the provision of this Agreement upon which such claim is based. If the Indemnifying Party does not respond to a Claims Notice relating to a Non-Third Party Claim within thirty (30) days after receipt thereof by written notice to the Indemnified Party (x) stating that the Indemnifying Party objects to the amount or liability for each Non-Third Party Claim set forth in the Claims Notice, and (y) providing a description in reasonable detail of the basis for such objection, then the Indemnifying Party shall be deemed to have finally and conclusively accepted liability for such Non-Third Party Claim in the amount set forth in the Claims Notice. After the giving of any Claims Notice pursuant to this Section 8.2(c), the amount of indemnification to which an Indemnified Party shall be entitled shall be determined: (A) by the written agreement between the Indemnified Party and the Indemnifying Party; (B) by a final judgment or decree of any court of competent jurisdiction; (C) by the previous sentence; or (D) by any other means to which the Indemnified Party and the Indemnifying Party shall agree. The judgment or decree of a court shall be deemed final when the time for appeal, if any, shall have expired and no appeal shall have been taken or when all appeals taken shall have been finally determined. The Indemnified Party shall have the burden of proof in establishing the amount of Losses suffered by it. The portion of any Non-Third Party Claim that is determined to be actually due and owing by an Indemnified Party in accordance with this Section 8.2(c) shall accrue interest from the date of the Claims Notice to which it first relates at a rate equal to the published prime rate of interest of Citibank, N.A., in effect in New York, New York on the date of such Claims Notice.

(d) In any case where an Indemnified Party recovers from third Persons any amount in respect of a matter with respect to which an Indemnifying Party has indemnified it pursuant to this Article VIII, such Indemnified Party shall promptly pay over to the Indemnifying Party the amount so recovered (after deducting therefrom the full amount of the expenses incurred by it in procuring such recovery and any taxes resulting therefrom), but not in excess of the sum of (i) any amount previously so paid by the Indemnifying Party to or on behalf of the Indemnified Party in respect of such matter and (ii) any amount expended by the Indemnifying Party in pursuing or defending any claim arising out of such matter.

Section 8.3 Survivability / Limitations on Indemnification.

(a) The representations and warranties of the Majority Shareholder, each Shareholder, Buyer and Parent contained in this Agreement or in any Ancillary Agreement, and the right of any Shareholder, Buyer and Parent to seek indemnification as a result of any breach of or inaccuracy in any representation or warranty, shall survive until the first (1st) anniversary of the Closing Date (the "***Expiration Date***"); *provided, however*, that:

(i) the Expiration Date will not apply for any Liability Claim relating to a breach of or inaccuracy in the representations and warranties of the Company or any Shareholder contained in Section 4.1 (Authority), Section 4.2 (Title to Shares), Section 4.5 (Brokers), Section 4.6 (Securities Not Registered; Investment Intent), Section 4.7 (No Other Representations and Warranties), Section 5.1 (Organization and Standing), Section 5.2 (Authority), Section 5.3 (Capitalization), or Section 5.26 (Brokerage and Finders Fees);

(ii) the representations and warranties of the Company contained in Section 5.6 (Environmental Matters), Section 5.8 (Taxes), and Section 5.20 (Employee Benefit Plans and Other Plans) shall survive for the duration of any applicable statute of limitations, the duration of any suspension, waiver or extension thereof, and for ninety (90) days thereafter;

(iii) all of the covenants and agreements of any Shareholder, Buyer, and Parent contained in this Agreement shall survive after the date of this Agreement and be enforceable in accordance with their terms without expiration; and

(iv) any Liability Claim pending on any Expiration Date for which a Claims Notice has been given in accordance with Section 8.2 on or before such Expiration Date may continue to be asserted and indemnified against until finally resolved.

The representations and warranties listed in clauses (i) and (ii) of this Section 8.3(a) are referred to as the "***Fundamental Representations***".

(b) Notwithstanding anything to the contrary contained in this Agreement, the Shareholders shall not have any liability to indemnify any Buyer Indemnified Party for any Loss under Section 8.1(b)(i) until the aggregate amount of all Losses sustained by one or more Buyer Indemnified Parties exceeds $240,000 in the aggregate (the "***Basket***"), in which case each Buyer Indemnified Party shall be entitled to indemnification hereunder to the full extent of such Losses (including the Losses included in the Basket), subject to the other provisions of this Section 8.3. Notwithstanding anything to the contrary contained in this Agreement, the Basket shall not apply to Losses sustained by Buyer as a result of the breach of a Fundamental Representation or Losses that are determined by a court of competent jurisdiction to arise from fraud by any Shareholder.

(c) Notwithstanding anything to the contrary contained in this Agreement:

(i) The liability of the Shareholders pursuant to Section 8.1(b) shall be joint to the extent of the available funds remaining in the Escrow Amount, if any. Thereafter, the liability of the Shareholders pursuant to Section 8.1(b) shall be several and not joint and each Shareholder's liability shall be limited to his, her, or its Pro Rata Portion of any such Loss.

(ii) The maximum aggregate liability of any individual Shareholder pursuant to Section 8.1(b) (the "***Individual Cap***") shall be such Shareholder's Pro Rata Portion of $3,000,000; *provided, however*, that the Individual Cap shall not apply to Losses sustained by Buyer as a result of the breach of a Fundamental Representation or Losses that are determined by a court of competent jurisdiction to arise from fraud by such Shareholder.

(iii) The maximum aggregate liability of any individual Shareholder pursuant to Section 8.1(a) and Section 8.1(b), including for Losses sustained by Buyer as a result of the breach of a Fundamental Representation (the "***Individual Overall Cap***"), shall be such Shareholder's Pro Rata Portion of the Purchase Price; *provided*, *however*, that the Individual Overall Cap shall not apply to Losses that are determined by a court of competent jurisdiction to arise from fraud by such Shareholder.

(d) Notwithstanding anything to the contrary contained in this Agreement, Buyer and Parent shall not have to indemnify any Seller Indemnified Party for any Loss under Section 8.1(c) until the aggregate amount of all Losses sustained by one or more Company Indemnified Parties exceeds the Basket, in which case each Seller Indemnified Party shall be entitled to indemnification hereunder to the full extent of Losses (including the Losses included in the Basket), up to but not exceeding, in the aggregate, $3,000,000.

(e) Absent fraud or criminal activity, the indemnification provided for in Section 8.1 of this Agreement shall be the sole and exclusive post-Closing remedy available to any party against the other parties for any Losses arising under or based upon this Agreement or the transactions contemplated hereby.

(f) Except in the case of (i) fraud, (ii) criminal activity, (iii) Losses owing to a third party in connection with a Third Party Claim, or (iv) as provided in the following sentence, no party hereto will be entitled to receive from any other party hereto punitive or consequential damages as a result of Losses hereunder. Each Shareholder acknowledges that the Purchase Price was determined by Buyer based on a multiple of the revenue of the Company.

(g) For the purposes of the indemnification provisions set forth in this Article VIII, any Losses shall be determined on a net basis after giving effect to any actual cash payments, setoffs, recoupment, indemnifications or any other payments in each case received, realized, or retained by the Indemnified Party (including any amounts recovered by the Indemnified Party from insurance providers) as a result of any event giving rise to a claim for such indemnification. In the event that any Buyer Indemnified Party is indemnified pursuant to Section 8.1(b)(ii) above for any uncollected accounts receivable, then to the extent the Buyer Indemnified Party recovers such accounts receivable after the time such indemnity payment has been made, Buyer shall promptly pay to the Seller Indemnifying Party or Parties the amount of such recovery.

(h) Each of the parties agrees to take all reasonable steps required by applicable Legal Requirements to mitigate their respective Losses upon and after becoming aware of any event or condition which could reasonably be expected to give rise to any Losses that are indemnifiable hereunder. Without limiting the generality of the forgoing, Buyer shall use the same efforts in the collection of any accounts receivable of the Company outstanding as of the Closing Date as used by Parent and Buyer in the collection of their own accounts receivable.

(i) No Buyer Indemnified Party shall have any right to indemnification under this Article VIII with respect to any Loss or alleged Loss to the extent of any portion of such Loss that was included as an adjustment in the determination of Closing Date Working Capital pursuant to Section 3.2.

(j) Except with respect to the matters set forth on Schedule 8.3(j), no Shareholder shall have any obligation to indemnify any Buyer Indemnified Party for any Loss under Section 8.1(b)(i) relating to any inaccuracy or breach of any representation or warranty of the Majority Shareholder if and to the extent that (i) Buyer or any Buyer Indemnified Party had actual knowledge of such inaccuracy or breach arising from written information provided in the period between April 27, 2012 and the date of this Agreement, (ii) the CEO or CFO of Buyer fully understood the scope and significance of such knowledge prior to the date of this Agreement, and (iii) such Losses arose from the inaccuracy or breach to which Buyer had such knowledge.

(k) Buyer shall promptly provide the Majority Shareholder with a copy of any notice received from a shareholder of the Company purporting to exercise his, her, or its appraisal rights in accordance with Section 623 of the New York Business Corporation Law following the Second Step Merger (a "***Dissenting Party***"). The Majority Shareholder, on behalf of the Shareholders, shall be entitled to lead the negotiation with any Dissenting Party, including in connection with any resulting legal proceeding, to the extent the Majority Shareholder complies with the provisions of Section 8.2(b) regarding diligent conduct and the consent requirements thereof.

Section 8.4 Manner of Satisfying Losses.

(a) Payments owed by any Shareholder in satisfaction of the indemnification obligations pursuant to Section 8.1(a) shall be satisfied in the following manner:

(i) First, through offset against the remaining funds in the Escrow Account to the extent of such Shareholder's remaining Pro Rata Portion of the original $3,000,000 Escrow Amount (after taking into account amounts previously offset with respect to such Shareholder pursuant to this Section 8.4(a)(i) and Section 8.4(b)(i)), and

(ii) Second, to the extent amounts recovered by a Buyer Indemnified Party pursuant to Section 8.4(a)(i) above are not sufficient to satisfy all such indemnification obligations, then such Shareholder's obligations shall be paid, at the sole discretion of such Shareholder, in cash or through the surrender of a portion of the shares of Parent Common Stock received by such Shareholder under this Agreement valued at the market price of Parent Common Stock at the time the amount of the Loss is finally determined by agreement of the parties, or to the extent necessary, by a court of competent jurisdiction.

(b) Payments owed by any Shareholder in satisfaction of the indemnification obligations pursuant to Section 8.1(b) shall be satisfied in the following manner:

(i) First, through offset against the remaining funds in the Escrow Account to the extent of such Shareholder's remaining Pro Rata Portion of the original $3,000,000 Escrow Amount (after taking into account amounts previously offset with respect to such Shareholder pursuant to this Section 8.4(b)(i) and Section 8.4(a)(i)), and

(ii) Second, to the extent amounts recovered by a Buyer Indemnified Party pursuant to Section 8.4(b)(i) above are not sufficient to satisfy all such indemnification obligations, then such Shareholder's obligations shall be paid, at the sole discretion of such Shareholder, in cash or through the surrender of a portion of the shares of Parent Common Stock received by such Shareholder under this Agreement valued at the market price of Parent Common Stock at the time the amount of the Loss is finally determined by agreement of the parties, or to the extent necessary, by a court of competent jurisdiction.

(c) Payments owed by Buyer or Parent in satisfaction of their indemnification obligations pursuant to this Article VIII shall be paid to the relevant Shareholder or Shareholders in cash.

(d) As described in more detail in the Escrow Agreement, (i) on September 30, 2013, all of the Escrow Amount in excess of the total of (A) $500,000 plus (B) the face amount of any then pending Liability Claims, shall be released to the Disbursing Agent and (ii) on September 1, 2014, any remaining portion of the Escrow Amount (less the face amount of any then pending Liability Claims) shall be released to the Disbursing Agent. Following September 1, 2014, as any such pending Liability Claim is resolved, any portion of the remaining Escrow Amount relating to such claim that is not released to Buyer shall be released to the Disbursing Agent. Any portion of the Escrow Amount received by the Disbursing Agent shall be distributed to all Entitled Parties in proportion to their respective Adjusted Ownership Percentages.

Section 8.5 Treatment of Indemnification Payments. All indemnification payments made by any party hereto will be treated as adjustments to the Purchase Price.

ARTICLE IX
TAX MATTERS

Section 9.1 Cooperation in Tax Matters. Buyer, the Majority Shareholder, and the Company shall cooperate fully as and to the extent reasonably requested by any of the parties to this Agreement, in connection with the filing of Tax Returns pursuant to this Article IX and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon request of any of the Majority Shareholder or Buyer) the provision of records and information which are reasonably relevant to any such Tax Return, audit, litigation or other proceeding. So long as taxable periods of, or related to, the Company ending on or before the Closing Date remain open, Buyer will promptly notify the Majority Shareholder in writing of any pending or threatened Tax audits or assessments for which Shareholders have or may have liability. Each Shareholder will promptly notify Buyer in writing of any written or other notification received by such Shareholder from the Internal Revenue Service or any other taxing authority of any proposed adjustment raised in connection with a Tax audit, examination, proceeding or determination of a taxable period of the Company ending on or before the Closing Date.

Section 9.2 Tax Returns. Buyer shall prepare or cause to be prepared, and file or cause to be filed, (i) all Tax Returns of the Company for all Tax periods ending on or before the Closing Date (a "***Pre-Closing Period***"), the Tax Returns of which have not been filed by the Company as of the Closing Date, and (ii) for all Tax periods which begin before the Closing Date and end after the Closing Date (a "***Straddle Period***"), which Tax Returns in the case of clauses (i) and (ii) shall be prepared in a manner consistent with the past practices of the Company, but only to the extent such past practices are in accordance with applicable Legal Requirements. Shareholders shall pay to Buyer or the Company, as an adjustment to the Purchase Price, an amount equal to all Taxes shown to be due on a Pre-Closing Period Tax Return and the portion of such Taxes shown to be due on a Straddle Period Tax Return which relates to the portion of such Straddle Period ending on the Closing Date within fifteen (15) days after the receipt of a bill from Buyer for such Taxes. In the case of any Taxes that are imposed on a periodic basis and are payable with respect to a Straddle Period, the portion of such Tax which relates to the portion of such Straddle Period ending on the Closing Date shall (x) in the case of any Taxes other than Taxes based upon or related to income, payroll, sales, or gross receipts, be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the taxable period ending on the Closing Date and the denominator of which is the number of days in the entire taxable period, and (y) in the case of any Tax based upon or related to income, payroll, sales, or gross receipts be deemed equal to the amount which would be payable if the relevant taxable period ended on the Closing Date. All Tax Returns for Pre-Closing Periods and Straddle Periods shall be prepared in a manner consistent with the past practices and customs of the Company, but only to the extent such past practices and customs are in accordance with law, and Buyer shall provide copies of any Returns that result in Taxes payable by the Shareholders to the Majority Shareholder for review, comment and approval at least forty-five (45) days prior to filing such Tax Return. Except for the Second Step Merger, the Buyer shall not, and shall ensure that the Company shall not, take any action, after the Closing and before the end of the Closing Date, with respect to the Company out of the Ordinary Course of Business. The Buyer shall make no election under Section 338 of the Code; it being understood that the transactions contemplated herein are intended to constitute a stock purchase (and not an actual or deemed asset purchase) for tax purposes.

Section 9.3 Tax Refunds. The amount of any (i) Tax refunds of the Company relating to a Pre-Closing Period or the pre-Closing portion of a Straddle Period that are received by Buyer or the Company and (ii) credits for the Taxes paid by the Company for a Pre-Closing Period or the pre-Closing portion of a Straddle Period that are actually utilized by Buyer or the Company to offset Tax liability of the Company or Buyer for any period after the Closing (including, without limitation, any New York QETC credits relating to such periods), shall be paid by Buyer to the Disbursing Agent for payment to all Entitled Parties in proportion to their respective Adjusted Ownership Percentages, in each case net of any Tax or other cost to the Company or Buyer incurred in applying for such refund or credit or resulting from the receipt of such refund or application of such credit. Such amount shall be paid by Buyer within thirty (30) days after (x) the receipt of such refund or (y) the filing of any Tax Return reflecting the application of such credit against the Tax liability of Buyer or the Company, as applicable.

Section 9.4 Amendments to Tax Returns. To the extent Buyer or the Company amends any Tax Return filed by the Company prior to the Closing Date, Buyer shall provide copies of any amended Returns that result in Taxes payable by the Shareholders to the Majority Shareholder for review, comment and approval at least forty-five (45) days prior to filing such amended Tax Return.

ARTICLE X
MISCELLANEOUS

Section 10.1 Seller Representative.

(a) Appointment. Each Shareholder hereby appoints the Majority Shareholder as its sole and exclusive agent, proxy and attorney-in-fact for such Shareholder for all purposes arising from or in any way related to this Agreement or the transactions contemplated hereby (including full power and authority to act on such Shareholder's behalf and full power of substitution), to do all things and to perform all acts required or deemed advisable, in the Majority Shareholder's sole discretion, in connection with the transactions contemplated by this Agreement as fully as such Shareholder could if then personally present and acting alone, including in connection with the settlement or administration of claims for indemnification hereunder. Without limiting the generality of the foregoing, the Majority Shareholder has full power and authority, on behalf of each Shareholder and his, her, or its successors and assigns, to: (i) interpret the terms and provisions of this Agreement and the Escrow Agreement; (ii) enter into the Escrow Agreement and amend the terms of the Escrow Agreement; (iii) execute and deliver all agreements, certificates, statements, notices, approvals, extensions, waivers, undertakings and other documents required or permitted to be given in connection with the consummation of the transactions contemplated by this Agreement and the Escrow Agreement; (iv) receive service of process in connection with any claims under this Agreement and the Escrow Agreement; (v) agree to, negotiate, enter into settlements and compromises of, and demand arbitration and comply with orders of courts and awards of arbitrators with respect to such claims, and to take all actions necessary or appropriate in the sole judgment of the Majority Shareholder for the accomplishment of the foregoing, including, without limitation, taking all such actions as may be necessary under Article XII hereof; (vi) give and receive notices and communications; (vii) exercise all rights of any Shareholder under the Agreement, or the Ancillary Agreements; (viii) enter into amendments to this Agreement pursuant to Section 14.8; and (ix) take all actions necessary or appropriate in the sole judgment of the Majority Shareholder on behalf of the Shareholders in connection with this Agreement or any of the Ancillary Agreements.

(b) Successors. The Majority Shareholder, or any successor hereafter appointed, may resign as the shareholder representative at any time by written notice to Buyer, Parent and the Shareholders. A successor shareholder representative will be named by those Shareholders that held a majority of the Shares at the time of the Closing. All power, authority, rights and privileges conferred herein to the Majority Shareholder will apply to any successor shareholder representative.

(c) No Liability; Release. The Majority Shareholder will not be liable to the Shareholders for, and each Shareholder hereby releases the Majority Shareholder from any liability for, any act done or omitted under this Agreement as the shareholder representative while acting in good faith, and any act taken or omitted to be taken pursuant to the advice of counsel will be conclusive evidence of such good faith and will be entitled to indemnification from the Shareholders for Losses related thereto. The Majority Shareholder will not be liable to the Shareholders for, and each Shareholder hereby releases the Majority Shareholder from any liability for, any liability of any Shareholder pursuant to Section 8.1(b) arising out of, or otherwise in respect of, any inaccuracies in or any breach of any representation or warranty of the Majority Shareholder contained in Article V of this Agreement.

(d) Reliance. From and after the Closing Date, Buyer and Parent are entitled to deal exclusively with the Majority Shareholder on all matters relating to this Agreement and the Ancillary Agreements and agree to deal with the Majority Shareholder on an exclusive basis. A decision, act, consent or instruction of the Majority Shareholder constitutes a decision of the Shareholders. Such decision, act, consent or instruction is final, binding and conclusive upon each Shareholder. Buyer and Parent may rely upon any decision, act, consent or instruction of the Majority Shareholder. Notices or communications to or from the Majority Shareholder will constitute notice to or from each of the Shareholders.

Section 10.2 Disclosure of Confidential Information. Each Shareholder acknowledges that to the extent that he, she, or it is in possession of confidential information concerning the Company and its business and operations, that such information is proprietary to the Company. Except as may be required by applicable Legal Requirement, or the order of a Governmental Authority, from and after the Closing Date, no Shareholder will disclose, disseminate, divulge, discuss, copy or otherwise use or suffer to be used any customer lists, trade secrets, know-how, and other similar proprietary or confidential information of the Company. In the event that any Shareholder receives an order from a Governmental Authority requiring disclosure of any confidential information of the Company, such Shareholder shall not disclose such confidential information until Buyer has first (a) received prompt written notice of such requirement to disclose, and (b) if legally possible had an adequate opportunity to obtain a protective order or other reliable assurance that confidential treatment will be accorded to such information. If Buyer is unable to obtain such protective order or other appropriate remedy, the Shareholder will furnish only that portion of the confidential information that is legally required to be furnished. Any disclosure of confidential information pursuant to a Governmental Authority shall not affect or lessen each Shareholder's obligations to maintain confidentiality of such information or any other confidential information. Each Shareholder further agrees that from and after the Closing Date, such Shareholder and his, her, or its Representatives, upon the request of Buyer, promptly will deliver to Buyer or destroy all confidential information in their possession (in whatever form it may exist) without retaining any copy thereof.

Section 10.3 Assignment; Third Parties; Binding Effect. The rights under this Agreement are not assignable nor are the duties delegable by: (a) any Shareholder without the prior written consent of Buyer and Parent; and (b) Buyer without the prior written consent of the Majority Shareholder; except that either Buyer or Parent may, without the consent of any other party, assign this Agreement (x) to a wholly owned subsidiary of Parent, (y) an entity under common control with Buyer, or (z) collaterally to Buyer's lenders; *provided*, *however*, that an assignment by Parent or Buyer shall not change or relieve it of its obligations hereunder. Any attempted assignment or delegation in contravention of the previous sentence shall be null and void. Nothing contained in this Agreement is intended to convey upon any person or entity, other than the parties and their successors in interest and permitted assigns, any rights or remedies under or by reason of this Agreement unless expressly stated. All covenants, agreements, representations and warranties of the parties contained in this Agreement are binding on and will inure to the benefit of Buyer and each Shareholder, as applicable, and their respective legal representatives, successors, and permitted assigns.

Section 10.4 Expenses. Each of the parties hereto shall pay its own expenses and costs incurred or to be incurred by it in negotiating, closing and carrying out this Agreement.

Section 10.5 Notices. All notices, requests, demands and other communications to be made under this Agreement must be in writing and will be deemed duly given, unless otherwise expressly indicated to the contrary in this Agreement, (i) when personally delivered, (ii) upon receipt of a telephonic facsimile transmission with a confirmed telephonic transmission answer back, (iii) three (3) Business Days after having been deposited in the United States mail, certified or registered, return receipt requested, postage prepaid, or (iv) one (1) Business Day after having been dispatched by a nationally recognized overnight courier service, addressed to the parties or their permitted assigns at the following addresses (or at such other address or number as is given in writing by any party to the other parties) as follows:

(a) If to Buyer and Parent, to:

Streamline Health Solutions, Inc.
1230 Peachtree Street, NE, Suite 1000
Atlanta, GA 30309
Attention: Stephen H. Murdock, SVP and CFO
Facsimile No.: (513) 672-2112
Email: steve.murdock@streamlinehealth.net

with a copy to:

Benesch, Friedlander, Coplan & Aronoff LLP
200 Public Square
Suite 2300
Cleveland, Ohio 44114
Attention: John S. Gambaccini, Esq.
Facsimile No.: (216) 363-4588
Email: jgambaccini@beneschlaw.com

(b) If to the Majority Shareholder, to the address set forth on Schedule 10.5, with a copy to:

Davis & Gilbert LLP
1740 Broadway
New York, NY 10019
Attention: David Brecher, Esq.
Facsimile No.: (212) 974-6937
Email: dbrecher@dglaw.com

(c) If to any other Shareholder after Closing, to the address set forth in the records of the Company for such Shareholder.

Section 10.6 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same document. Any signature to this Agreement or any Ancillary Agreement delivered via facsimile, electronic mail, or in pdf format shall be deemed an original for all purposes.

Section 10.7 Captions and Section Headings. Captions and section headings are for convenience only, are not a part of this Agreement and may not be used in construing it.

Section 10.8 Amendment and Modification; Waivers. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by Buyer and the Majority Shareholder. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. Any failure by any of the parties to comply with any of the obligations, agreements, or conditions set forth in this Agreement may be waived by the other party or parties, but any such waiver will not be deemed a waiver of any other obligation, agreement or condition contained herein, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 10.9 Remedies Not Exclusive. Except as expressly provided herein, no remedy conferred by any of the specific provisions of this Agreement is intended to be exclusive of any other remedy, and each and every remedy will be cumulative and will be in addition to every remedy given under this Agreement or now or subsequently existing, at law or in equity, by statute or otherwise. The election of any one or more remedies by Buyer or the Majority Shareholder will not constitute a waiver of the right to pursue other available remedies.

Section 10.10 Entire Agreement. This Agreement, including any certificate, schedule, exhibit, or other document delivered pursuant to its terms, constitutes the entire agreement between the parties. There are no verbal agreements, representations, warranties, undertakings, or agreements between the parties, and this Agreement may not be amended or modified in any respect, except by a written instrument signed by all the parties to this Agreement.

Section 10.11 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

Section 10.12 Attorneys' Fees. If any proceeding is brought by any party hereto against any other party hereto that arises out of, or is connected with, this Agreement, then the prevailing party in such proceeding shall be entitled to recover reasonable attorneys' fees and costs, including, without limitation, expert witness fees.

Section 10.13 Governing Laws. This Agreement is governed by and construed in accordance with the internal laws of the State of New York, without regard to conflict of laws principles. For the sole purpose of this Agreement and any controversy arising hereunder, each party hereby submits itself to the exclusive jurisdiction of the state or federal courts sitting in New York County, New York, and waives any objection (on the grounds of each of jurisdiction or forum non conveniens, or otherwise) to the jurisdiction of any such court. Each of the Company, Buyer, Parent and each Shareholder irrevocably waives any objection that they now have or hereafter may have to the laying of venue of any suit, action, or proceeding brought in any such court and further irrevocably waive any claim that any such suit, action, or proceeding brought in any such court has been brought in an inconvenient forum.

Section 10.14 Parent Guarantee. Parent absolutely and unconditionally guarantees to the Shareholders, and agrees to be primarily liable for, the prompt performance and/or payment when due of all present or future obligations and liabilities of any and all kinds of Buyer under this Agreement and the Ancillary Agreements, whether due or to become due or absolute or contingent, including, without limitation, the obligation to pay when due each payment of the Purchase Price required pursuant to Article III, and any indemnification obligations of Buyer pursuant to Article VIII; *provided*, *however*, that any rights of the Shareholders against Parent under this provision shall at all times be subject to any claims and defenses that Buyer may have to such liability or otherwise against the Shareholders. This guarantee is a continuing guarantee of payment and performance and not only of collection. The Shareholders shall not proceed directly against Parent without naming Buyer as a co-defendant.

Section 10.15 Furnishing of Public Information. For a period of two years following the Closing Date, Parent shall timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by Parent pursuant to the Securities and Exchange Act of 1934, as amended, that are necessary to satisfy the current public information requirements under Rule 144.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the date first above written.

BUYER:

STREAMLINE HEALTH, INC.

By: /s/ Stephen H. Murdock
Name: Stephen H. Murdock
Title: Senior VP and CFO

PARENT:

STREAMLINE HEALTH SOLUTIONS, INC.

By: /s/ Stephen H. Murdock
Name: Stephen H. Murdock
Title: Senior VP and CFO

[The remainder of the signatures have been omitted for purposes of this filing.]

APPENDIX A

DEFINITIONS

For purposes of this Agreement, unless the context otherwise indicates, the following terms, whether capitalized or not, shall have the meaning set forth below:

"***Adjusted Ownership Percentage***" means, with respect to each Entitled Party, the percentage corresponding to (a) the number of shares of Common Stock of the Company owned by such Entitled Party as of the date of this Agreement divided by (b) the aggregate number of shares of Common Stock of the Company owned by all Entitled Parties as of the date of this Agreement.

"***Affiliate***" means with respect to any Person, (a) any other Person which directly or indirectly controls, is controlled by, or is under common control with such Person or (b) any officer, director, manager, or holder of more than ten percent (10%) of the outstanding shares or equity interest of such Person. A Person shall be deemed to control another Person if the controlling Person, directly or indirectly, possesses the power to direct or cause the direction of the management and policies of the controlled Person, whether through ownership of voting securities, by contract, or otherwise.

"***Ancillary Agreements***" means the Escrow Agreement, the Restrictive Covenant Agreement, dated the date hereof, between Buyer and the Majority Shareholder, and each agreement, document, instrument, or certificate contemplated by this Agreement or to be executed by Buyer, the Company, or any Shareholder in connection with the consummation of the transactions contemplated by this Agreement, in each case only as applicable to the relevant party or parties to such Ancillary Agreement, as indicated by the context in which such term is used.

"***Audited Financial Statements***" means the audited balance sheets of the Company dated as of December 31, 2010, and 2011, and the related audited statements of income and cash flows of the Company for the year then ended.

"***Business Day***" means any day other than a Saturday, Sunday, or day on which commercial banks are authorized or required by law to close in Cincinnati, Ohio.

"***Charter Documents***" means the Articles of Incorporation, Bylaws or other similar organizational documents of the Company, Shareholders, Buyer or the Parent, as the case may be, and any amendments thereto, as applicable.

"***Closing Date Liabilities***" means the liabilities of the Company set forth on Exhibit A (such amounts will be paid in full on or before the Closing Date).

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Contract***" means any agreement, contract, obligation, promise, or undertaking (whether written or oral) that is legally binding on the Company and (a) under which the Company has or may acquire any rights, or (b) under which the Company has or may become subject to any obligation or liability.

"***Debt***" means (a) all obligations to repay borrowed money, direct or indirect, incurred, assumed, or guaranteed, (b) all obligations for the deferred purchase price of capital assets (excluding normal trade terms for capital assets purchased in the Ordinary Course of Business), (c) all obligations under conditional sales or other title retention agreements, and (d) all reimbursement and other obligations (contingent or otherwise) under any letter of credit, banker's acceptance, currency swap agreement, interest rate swap, cap, collar, or floor agreement or other interest rate management device.

"***Disbursing Agent***" means Wells Fargo Bank, or such other Person as may be engaged from time to time by the Majority Shareholder, in his capacity as seller representative pursuant to Section 10.1, to serve as disbursing agent for the Entitled Parties.

"***Encumbrance***" means any charge, claim, community property interest, condition, equitable interest, lien, option, pledge, security interest, right of first refusal, easement, or restriction or reservation of any kind, including any restriction on use, voting, transfer, receipt of income, or exercise of any other attribute of ownership.

"***Environmental Law***" means any foreign, federal, state or local law, order, permit or other requirement of law, including any principle of common law, now in effect, relating to the environment or public health or safety, in each case as applicable to the Company or its Real Property.

"***Entitled Party***" means each shareholder of the Company as of the date of this Agreement other than any shareholder who has properly exercised his, her, or its appraisal rights in accordance with Section 623 of the New York Business Corporation Law in connection with the Second Step Merger.

"***Financial Statements***" means the following reports of the Company: (a) the Audited Financial Statements; (b) the unaudited interim balance sheet dated as of July 31, 2012; and (c) the related unaudited statement of income for the seven (7) month period ended July 31, 2012.

"***GAAP***" means United States generally accepted accounting principles, consistently applied.

"***Governmental Authority***" means any United States, state, local, foreign, or other governmental entity or municipality or any subdivision thereof or any authority, department, commission, board, bureau, agency, court, tribunal, arbitration panel, or instrumentality.

"***Hazardous Material***" means any substance or waste containing hazardous substances, pollutants or contaminants as those terms are governed by or defined in an Environmental Law, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., any other foreign, federal, state or local laws, rules or regulations governing the manufacture, import, use, handling, storage, processing, transportation, release or disposal of substances or wastes deemed hazardous, toxic, dangerous or injurious to public health or to the environment. This term Hazardous Material also includes asbestos-containing material, polychlorinated bi-phenyls and petroleum or petroleum-based products.

"***Intellectual Property***" means all business names (fictitious or otherwise), trade names, registered and unregistered trademarks and service marks, art work, packaging, plates, emblems, logos, internet domain names, insignia and copyrights, and other proprietary rights to various words, slogans, symbols, logos, designs and trade dress, including all registrations and applications for the same, and all goodwill associated therewith; all domestic and foreign patents and patent applications, industrial and utility models, industrial designs, petty patents, patents of importation, patents of addition, certificates of invention, and any other indicia of invention ownership issued or granted by any Governmental Authority including any reissue, re-examination, extension, division, continuation or continuation-in-part of any of the foregoing; all copyrights, applications for copyright registration and copyright registrations, in both published works and unpublished works and all moral rights (or *droit moral*), visual artists rights and author's rights; software or information or intellectual property; all know-how, trade secrets, and confidential and/or proprietary information, including, without limitation, customer lists, technical or business information, including data, process technology, plans (including business and marketing plans), sketches, drawings, schematics, flow charts, blue prints, manufacturing processes, formulae, recipes, designs, systems, forms, specifications, technical manuals, computer and software programs (in source code and object code formats), product information and development, work-in-progress; all other intellectual property rights (in whatever form or medium); and all documentary evidence of any of the foregoing.

"***IRS***" means the U.S. Internal Revenue Service.

"***Knowledge of the Majority Shareholder***" means the Majority Shareholder or Dan Nahmias is actually aware of a particular fact or other matter after due inquiry, and "***Knowledge of Buyer or Parent***" means either Stephen H. Murdock or Robert E. Watson is actually aware of a particular fact or other matter after due inquiry.

"***Legal Requirement***" means any federal, state, local, municipal, foreign, international, multinational, or other constitution, law, ordinance, rule, code, by-law, principle of common law, regulation, statute, treaty, or requirement, including, but not limited to, any building zoning, fire, environmental, Tax, public health or safety law or code.

"***Material Adverse Effect***" means any change, event, effect, or development that (a) has a materially adverse effect on the financial condition in excess of $100,000 or operating results of the Company, or (b) has a materially adverse effect on the ability of any Shareholder to perform its obligations under this Agreement.

"***Net Working Capital***" means the amount by which (a) the sum of cash and cash equivalents, accounts receivable (without taking into account any reserve for doubtful accounts), contract receivables, inventory and prepaid items of the Company as of the Closing (other than prepaid Taxes), exceeds (b) the sum of (i) the accounts payable and accrued expenses of the Company as of the Closing (other than Tax liabilities), plus (ii) all accrued amounts due to continuing employees, plus (iii) deferred revenues. Accounts receivable of the Company shall be included at their face amount for calculation of the Estimated Closing Working Capital at Closing but any account receivable of the Company (or portion thereof) that existed as of the Closing Date and was not collected by Buyer or the Company prior to the first (1st) anniversary of the Closing Date shall be deducted from the calculation of Closing Date Working Capital.

"***Ordinary Course of Business***" means, with respect to the Company, an action that is consistent with the past practices of the Company, and taken in the ordinary course of the normal day-to-day operations of the Company.

"Permitted Encumbrances" means (i) any Encumbrance for Taxes or other governmental charges not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (ii) any mechanics', carriers', workers', repairers' or similar statutory Encumbrance arising in the Ordinary Course of Business by operation of Legal Requirement with respect to a liability that is not yet due or delinquent and which statutory Encumbrances are not, individually or in the aggregate, material to the Company, (iii) with respect to real property, any minor imperfection of title, covenants, conditions, restrictions, easements and other matters of record affecting title or similar Encumbrance which individually or in the aggregate with other such Encumbrances would not reasonably be expected to materially adversely affect the use of such real property as it is currently used by the Company, (iv) with respect to real property, any zoning, entitlement, building and other land use regulations imposed by any Governmental Authority having jurisdiction over the real property which are not violated by the current use and operation of the real property by the Company, (v) with respect to assets owned or leased by the Company, any Encumbrances that do not relate to monetary obligations of the Company and that do not materially affect the use by the Company of the assets, and (vi) any Encumbrance identified on Schedule 15.

"***Person***" means a natural person, sole proprietorship, corporation, limited liability company, firm, partnership, association, joint venture, trust, unincorporated organization, Governmental Authority or other entity, whether acting in an individual, fiduciary, or other capacity.

"***Pro Rata Portion***" means, with respect to any Shareholder, the ownership percentage set forth opposite such Shareholder's name on Appendix B hereto.

"***Real Property***" means all real property owned or leased by the Company, including, without limitation, buildings, outside storage areas, silos, driveways, walkways, and parking areas thereon or thereof and all easements, improvements, and all appurtenances thereto, and the rights and privileges of the Company in all rights of way, licenses or easements.

"***Release***" has the same meaning as in the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 *et seq*.

"Representative" means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

"***Taxes***" means any and all taxes, charges, fees, levies or other assessments, including, without limitation, income, employment, profits, use, alternative minimum, gross receipts, value added, excise, real or personal property, sales, withholding, social security, retirement, unemployment, occupation, service, service use, license, net worth, payroll, franchise, transfer and recording taxes, fees and charges, imposed by the IRS or any taxing authority (whether domestic or foreign including, without limitation, any state, county, local or foreign government or any subdivision or taxing agency thereof (including a United States possession)), whether computed on a separate, consolidated, unitary, combined or any other basis; and such term includes (i) any interest whether paid or received, fines, penalties or additional amounts attributable to, or imposed upon, or with respect to, any such taxes, charges, fees, levies or other assessments and (ii) any liability for such amounts as a result of being a member of a consolidated, combined, unitary or affiliated group or of a contractual obligation to indemnify any other Person or other entity.

"***Tax Return***" means any report, return, document, declaration or other information or filing required to be supplied to any taxing authority or jurisdiction (foreign or domestic) with respect to Taxes, including, without limitation, information returns, any documents with respect to or accompanying payments of estimated Taxes, or with respect to or accompanying requests for the extension of time in which to file any such report, return, document, declaration or other information (including, without limitation, Form 1099-DIV to any Shareholder in respect of dividends paid to such Shareholder, plus any other required Forms 1099).

In addition, the following terms have the respective meanings indicated in the sections of this Agreement listed below:

Defined Term	Section	Defined Term	Section
Agreement	Preamble	Initial Working Capital Adjustment	3.2(a)
Basket	8.3(b)	Joinder Agreement	3.1(d)
Benefit Plan	5.20	Leased Real Property	5.5(a)
Buyer	Preamble	Liability Claim	8.2(a)
Buyer Indemnified Party	8.1(a)	Losses	8.1(a)
Cash Consideration	3.1(a)	Merger Sub	3.1(d)
Claims Notice	8.2(a)	Majority Shareholder	3.1(c)
Closing	7.1	Net Cash Consideration	3.1(a)
Closing Date	7.1	Net Share Price	3.1(a)
Closing Date Working Capital	3.2(b)	Notice of Disagreement	3.2(c)(ii)
Closing Date Working Capital Statement	3.2(b)	Parent	Preamble
Common Stock	2.1	Parent Common Stock	3.1(a)
Company	Preamble	Pre-Closing Period	9.2
Controlled Group	5.20	Private Resolution Period	3.2(d)(i)
Controlled Group Member	5.20	Purchase Price	3.1(a)
Differences	3.2(d)(ii)	Real Property Lease	5.5(a)
Escrow Account	3.1(b)	Resolved Objections	3.2(d)(i)
Escrow Agent	3.1(b)	Review Period	3.2(c)(i)
Escrow Agreement	3.1(b)	Seller Indemnified Party	8.1(b)
Escrow Amount	3.1(b)	Settlement Date	3.2(d)(iii)
Estimated Closing Working Capital	3.2(a)	Shares	2.1
Estimated Working Capital Statement	3.2(a)	Shareholder	Preamble
Expiration Date	8.3(a)	Statement of Claims	3.2(d)(ii)
Final Working Capital Schedule	3.2(d)(iii)	Stock Consideration	3.1(a)
Fundamental Representations	8.3(a)	Straddle Period	9.2
Indemnified Party	8.2(a)		
Indemnifying Party	8.2(a)		
Independent Auditors	3.2(d)(iii)		

Exhibit 10.2

EXECUTION COPY

AMENDMENT NO. 1
TO SUBORDINATED CREDIT AGREEMENT

This AMENDMENT NO. 1 TO SUBORDINATED CREDIT AGREEMENT, (this "Amendment") dated as of August 16, 2012 is between **STREAMLINE HEALTH, INC.** ("Borrower") and **FIFTH THIRD BANK** ("Lender").

WHEREAS, Borrower and Lender are parties to the Subordinated Credit Agreement dated as of December 7, 2011 (as amended, supplemented or modified from time to time, the "Credit Agreement"); and

WHEREAS, the Borrower and the Lender desire to amend certain terms and conditions of the Credit Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants contained herein, the Borrower and the Lender agree as follows (with capitalized terms used, but not otherwise defined, herein having the respective meanings given to such terms in the Credit Agreement):

1. Amendments. On and as of the Effective Date (as defined below), the Credit Agreement is amended as follows:

(a) Section 1.1(a) of the Credit Agreement is hereby deleted in its entirety and the following is hereby inserted, in lieu thereof:

"**(a) Term Loan**. Subject to the terms and conditions hereof, Lender hereby agrees to make a loan in up to two advances (the "Term Loan") to Borrower, in an aggregate amount equal to Nine Million Dollars ($9,000,000). The Borrower acknowledges that Four Million One Hundred Twenty Thousand Dollars ($4,120,000) has been advanced on the Closing Date and remains outstanding and the remaining Four Million Eight Hundred Eighty Thousand Dollars ($4,880,000) will be advanced (if at all) on the Amendment No. 1 Effective Date. The Borrower shall deliver a request for the making of such additional advance not later than 11:00 A.M. (Eastern Time) on the Amendment No. 1 Effective Date. Once repaid, any amounts advanced as the Term Loan may not be reborrowed. The Term Loan will be evidenced by the promissory note of Borrower of even date herewith and all amendments, extensions and renewals thereto and restatements and replacements thereof ("Term Note"). The proceeds of the Term Loan will be used on the Closing Date to repay current Indebtedness as set forth on Schedule 3.16, to consummate the Acquisition (including to pay fees and expenses associated therewith) and for working capital and other general business purposes and on the Amendment No. 1 Effective Date to consummate the Meta Health Acquisition (including to pay fees and expenses associated therewith) and for working capital and other general business purposes. The Lender's commitment to make the Term Loan shall expire at 5:00 PM Eastern time on the Amendment No. 1 Effective Date."

(b) Section 1.1(b)(i) of the Credit Agreement is hereby amended by deleting the words, "December 7, 2013" appearing therein and inserting, in lieu thereof, the words, "August 16, 2014";

(c) Section 1.1(b)(ii)(B) of the Credit Agreement is hereby amended by deleting the number and sign "$1,000,000" appearing therein and inserting, in lieu thereof, the number and sign, "$2,000,000";

(d) The first sentence of Section 1.2(a) of the Credit Agreement is hereby deleted in its entirety and the following is hereby inserted in lieu thereof: "The principal balance of the Term Loan outstanding hereunder will bear interest from the date of the first advance to and including August 15, 2012 at a fixed rate of twelve percent (12.0%) per annum and from and after August 16, 2012 at a fixed rate of ten percent (10.0%) per annum, in each case until paid in full."

(e) Section 1.3(b) of the Credit Agreement is hereby deleted in its entirety and the following is hereby inserted in lieu thereof:

"**(b) Success Fee.** On the earlier of (i) the date on which the entire principal amount of the Loan becomes due and payable whether as a result of acceleration or otherwise and (ii) without waiving any requirement of Section 5.10, the date on which the Parent, the Borrower or any of their respective Subsidiaries merge or consolidate with or into any Person or acquire all or substantially all of the assets of any Person, the Borrower shall pay to the Lender the Success Fee."

(f) The parenthetical clause in the introduction to Section 3 of the Credit Agreement is hereby deleted in its entirety and the following is hereby inserted, in lieu thereof "(before and after giving effect to the Acquisition, on the Amendment No. 1 Effective Date, before and after giving effect to the Meta Health Acquisition and, if applicable, before and after giving effect to any Permitted Acquisition)";

(g) Section 3.3 of the Credit Agreement is hereby amended by deleting the words "December 31, 2010" and inserting, in lieu thereof, the words, "January 31, 2012 (in the case of any Company other than the Meta Health Target) and since August 16, 2012 (in the case of the Meta Health Target)";

(h) Section 3.4 of the Credit Agreement is hereby amended by (i) inserting, immediately following the words, "Acquisition Documents" appearing therein, the words, "or the Meta Health Acquisition Documents" and (ii) deleting the words "December 31, 2010" and inserting, in lieu thereof, the words, "January 31, 2012 (in the case of any Company other than the Meta Health Target) and since August 16, 2012 (in the case of the Meta Health Target)"

(i) Section 3.18 of the Credit Agreement is hereby amended by inserting, immediately following the words, "the Acquisition" appearing therein, the words, "and the Meta Health Acquisition";

(j) Section 3 of the Credit Agreement is hereby amended by inserting, at the end thereof, a new Section 3.21 and a new Section 3.22 reading in their entirety as follows:

"**3.21 Meta Health Acquisition**. The Borrower has delivered to Lender complete and correct copies of the Meta Health Acquisition Agreement and each of the other documents and agreements executed in connection therewith (collectively, the "Meta Health Acquisition Documents"), including all schedules and exhibits thereto. The Meta Health Acquisition Documents set forth the entire agreement and understanding of the Borrower and the parties thereto relating to the subject matter thereof, and there are no other agreements, arrangements or understandings, written or oral, relating to the matters covered thereby. Borrower has the power, and has taken all necessary action (including, any necessary member or comparable owner action) to authorize it, to execute, deliver and perform in accordance with their respective terms the Meta Health Acquisition Documents to which it is a party. Each of the Meta Health Acquisition Documents has been duly executed and delivered by Borrower and, to Borrower's knowledge, each of the other parties thereto and is a legal, valid and binding obligation of Borrower and to Borrower's knowledge, such other parties, enforceable against Borrower and to Borrower's knowledge, such other parties in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally. The execution, delivery and performance of the Meta Health Acquisition Documents in accordance with their respective terms does not and will not require any governmental approval or any other consent or approval, other than governmental approvals and other consents and approvals that have been obtained. All conditions precedent to the Meta Health Acquisition pursuant to the Meta Health Acquisition Agreement have been fulfilled in all material respects and, as of the Amendment No. 1 Effective Date, the Meta Health Acquisition Agreement has not been amended or otherwise modified and there has been no breach by the Borrower or, to Borrower's knowledge, any other party thereto, of any term or condition of the Meta Health Acquisition Documents. Upon consummation of the transactions contemplated by the Meta Health Acquisition Documents to be consummated at the closing thereunder, the Borrower shall acquire good and legal title to the stock and other property being transferred pursuant to the Meta Health Acquisition Agreement.

3.22 Permitted Acquisition. Prior to consummation of a Permitted Acquisition, the Borrower shall have delivered to Lender complete and correct copies of each document and agreement executed in connection therewith (collectively, the "Permitted Acquisition Documents"), including all schedules and exhibits thereto. The Permitted Acquisition Documents shall set forth the entire agreement and understanding of the Borrower and the parties thereto relating to the subject matter thereof, and there will be no other agreements, arrangements or understandings, written or oral, relating to the matters covered thereby. Borrower shall have the power, and shall have taken all necessary action (including, any necessary member or comparable owner action) to authorize it, to execute, deliver and perform in accordance with their respective terms the Permitted Acquisition Documents to which it is a party. Each of the Permitted Acquisition Documents will have been duly executed and delivered by Borrower and, to Borrower's knowledge, each of the other parties thereto and will be the legal, valid and binding obligation of Borrower and to Borrower's knowledge, such other parties, enforceable against Borrower and to Borrower's knowledge, such other parties in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally. The execution, delivery and performance of the Permitted Acquisition Documents in accordance with their respective terms will not require any governmental approval or any other consent or approval, other than governmental approvals and other consents and approvals that have been obtained. All conditions precedent to the Permitted Acquisition pursuant to the Permitted Acquisition Documents shall have been fulfilled in all material respects and, as of the date of the consummation of the Permitted Acquisition, the Permitted Acquisition Documents shall not have been amended or otherwise modified and there shall not be any breach by the Borrower or, to Borrower's knowledge, any other party thereto, of any term or condition of the Permitted Acquisition Documents. Upon consummation of the transactions contemplated by the Permitted Acquisition Documents to be consummated at the closing thereunder, the Borrower shall acquire good and legal title to the stock or assets and other property being transferred pursuant to the Permitted Acquisition Documents. None of the foregoing shall in any manner obligate the Borrower or any Subsidiary to consummate any Permitted Acquisition and the foregoing representation shall only apply if, when and to the extent that a Permitted Acquisition is consummated and the Permitted Acquisition Documents are executed and delivered."

(k) Section 4.15 of the Credit Agreement is herby amended by inserting at the end of such Section, the words, ";provided, further, however, that for a period of not more than sixty (60) days after the Amendment No. 1 Effective Date, the Meta Health Target may maintain one or more deposit accounts with JP Morgan Chase Bank so long as (a) with respect to any non-payroll account, any amounts credited to such account in excess of $50,000 are promptly, and in any event, within one Business Day, transferred to an account of a Company maintained with Lender, (b) with respect to any payroll account, other than amounts credited to such account to be paid to employees of the Meta Health Target not more than one Business Day prior to the making of such payments, any amounts in excess of $50,000 are promptly, and in any event, within one Business Day, transferred to an account of a Company maintained with the Lender and (c) the aggregate amount credited to all such accounts shall not exceed $100,000 (exclusive of any amounts credited to a payroll account to be paid to employees of the Meta Health Target as specified in clause (b))";

(l) Section 5.1 of the Credit Agreement is hereby amended by inserting, at the end of clause (c) thereof the words, "and so long as the Equity Subordination Agreement is in full force and effect, the Subordinated Convertible Notes and any Indebtedness incurred in connection with a Permitted Acquisition so long as such Indebtedness is subordinate to the Obligations on terms and conditions reasonably acceptable to the Lender";

(m) Section 5.3 of the Credit Agreement is hereby deleted in its entirety and the following is hereby inserted in lieu thereof:

"**5.3 Minimum EBITDA.** Permit Adjusted EBITDA as of the end of any fiscal quarter to be less than the amount set forth below opposite such fiscal quarter calculated quarterly on a trailing four (4) quarter basis (except as otherwise provided in the definition of Adjusted EBITDA):

Four Quarters Ending	Amount
October 31, 2012 and January 31, 2013	$5,000,000
April 30, 2013 and each July 31, October 31, January 31 and April 30 thereafter	$7,000,000

(n) Section 5.5 of the Credit Agreement is hereby deleted in its entirety and the following is hereby inserted, in lieu thereof:

"**5.5 Funded Debt to Adjusted EBITDA.** Permit its ratio of Funded Debt (on a consolidated basis for Parent, Borrower and its Subsidiaries) to Adjusted EBITDA as of the end of any fiscal quarter to exceed the ratio set forth below opposite such fiscal quarter calculated quarterly on a trailing four (4) quarter basis (except as otherwise provided in the definition of Adjusted EBITDA):

Four Quarters Ending	Ratio
October 31, 2012 and each January 31, April 30, July 31 and October 31 thereafter	3.00:1

(o) Section 5.9(a) of the Credit Agreement is hereby amended by inserting, at the end of such Section, the words, "and the Meta Health Acquisition and any Permitted Acquisition";

(p) Section 5.10(a) of the Credit Agreement is hereby amended by inserting, at the end of such Section, the words, "and the Meta Health Acquisition and any Permitted Acquisition";

(q) Section 5.12 of the Credit Agreement is hereby amended by (i) inserting at the end of clause (a) of the proviso in such Section, the words "subject to compliance with the foregoing, the Borrower may acquire the Meta Health Target pursuant to the Meta Health Acquisition Agreement and may acquire a Permitted Target pursuant to Permitted Acquisition Documents and "and (ii) inserting, at the end of such Section, the words, "Notwithstanding the terms of the Credit Agreement and the other Loan Documents, including Section 5.6 and this Section 5.12, if shareholders owning at lease ninety percent (90%) but less than all of the issued and outstanding capital stock of the Meta Health Target execute the Meta Health Acquisition Agreement, the Borrower may consummate the Meta Health Acquisition; provided that (A) not more than seven (7) days following the effective date of such Meta Health Acquisition, the Borrower causes the Meta Health Target to be merged with or into the Borrower, any Guarantor or any other Subsidiary such that after giving effect to such merger the requirements set forth in clause (a) have been met and (B) the Borrower shall not permit the total consideration paid to any shareholder of the Meta Health Target (including pursuant to any appraisal rights or similar action) to exceed 102% of the consideration specified for such shareholder on Appendix B to the Meta Health Acquisition Agreement";

(r) The definition of "Adjusted EBITDA" in Section 11.2 of the Credit Agreement is hereby deleted in its entirety and the following is hereby inserted, in lieu thereof:

> ""Adjusted EBITDA" means, for Parent and its Subsidiaries, on a consolidated basis, for any period, net income (determined in accordance with GAAP) *plus*, (i) in each case to the extent deducted in determining net income, (a) interest expense, income tax expense, depreciation and amortization, non-cash share-based compensation expense and other extraordinary, non-cash expense, (b) transaction fees, costs and expenses incurred in connection with the Acquisition in an aggregate amount not to exceed $200,000 of which 25%, 50%, 75% and 100% of such fees, costs and expenses shall be included in the period incurred for purposes of the calculation of Adjusted EBITDA for the periods ending January 31, 2012, April 30, 2012, July 31, 2012 and October 31, 2012, respectively, (c) for the quarter ending October 31, 2012, the non-recurring expense relating to the write-down of capitalized software development costs and (d) transaction fees, costs and expenses incurred in such period in connection with the Meta Health Acquisition (including fees and expenses incurred in connection with any amendment to this Agreement or the other Loan Documents and in connection with the transactions contemplated by the Securities Purchase Agreement dated as of August 16, 2012 among the Parent and each of the purchasers party thereto) in an aggregate amount not to exceed $1,500,000, *minus*, (ii) to the extent included in determining net income, any non-cash gains; provided however that, for purposes of Section 5.3 and 5.5, for purposes of calculating Adjusted EBITDA on a trailing four quarter basis Adjusted EBITDA will be increased by the amount set forth on Schedule II for each month from November 2011 to July 2012 to the extent that such month would otherwise be included for purposes of calculating Adjusted EBITDA on a trailing four quarter basis.

(s) The definition of “Current Financial Statements” appearing in Section 11.2 of the Credit Agreement is hereby deleted in its entirety and the following is hereby inserted, in lieu thereof:

“Current Financial Statements” means (a) as of the Closing Date, the audited financial statements of the Target for the period ending December 31, 2010 and the unaudited financial statements of the Target for the period ending June 30, 2011 which such financial statement shall comply with Section 4.2 or 4.3, (b) as of the Amendment No. 1 Effective Date, the most current financial statements, tax returns and other documents with respect to Borrower delivered to Lender pursuant to Section 4 and the audited financial statements of the Meta Health Target for the period ending December 31, 2011 and the unaudited financial statements of the Meta Health Target for the period ending June 30, 2012 which such financial statement shall comply with Section 4.2 or 4.3 and (c) at any other time, the most current financial statements, tax returns and other documents with respect to Borrower delivered to Lender pursuant to Section 4.;

(t) The definition of “Funded Debt” in Section 11.2 of the Credit Agreement is hereby amended by inserting, immediately following the words, “so long as the Seller Subordination Agreement is in full force and effect”, the words, “and the Subordinated Convertible Notes so long as the Equity Subordination Agreement is in full force and effect”;

(u) The definition of “Minimum Availability” in Section 11.2 of the Credit Agreement is hereby amended by deleting the number and sign “$750,000” appearing therein and inserting, in lieu thereof, the number and sign “$2,000,000”;

(v) Section 11.2 is hereby amended by inserting the following definitions in the proper alphabetical order:

(i) “Amendment No. 1 Effective Date” means the Effective Date under and as defined in Amendment No. 1 to Subordinated Credit Agreement dated as of August 16, 2012 between Borrower and Lender.

(ii) “Equity Subordination Agreement” means the Subordination Agreement dated as of August 16, 2012 among Parent, Lender, Great Point Holders identified therein and Noro-Moseley Holders identified therein.

(iii) “Meta Health Acquisition” means the acquisition by Borrower of all of the issued and outstanding stock of the Meta Health Target and the other transactions contemplated by the Meta Health Acquisition Agreement.

(iv) “Meta Health Acquisition” means the acquisition by Borrower of all or, subject to Section 5.12, not less than 90% of the issued and outstanding stock of the Meta Health Target and the other transactions contemplated by the Meta Health Acquisition Agreement.

(v) “Meta Health Target” means Meta Health Technology Inc.

(vi) “Permitted Acquisition” means the acquisition by the Borrower or any of its Subsidiaries of all or substantially all of the assets of, or all of the issued and outstanding capital stock of, a Permitted Target which satisfies and/or is conducted in accordance with the following requirements:

(a) if such acquisition is structured as an acquisition of the capital stock of any Permitted Target, then such Permitted Target shall either (i) become a wholly-owned Subsidiary of the Borrower and the requirements set forth in Section 5.12 shall be satisfied or (ii) be merged with and into the Borrower or any of its Subsidiaries (with the applicable Borrower or such Subsidiary being the surviving entity);

(b) if such acquisition is structured as the acquisition of assets, such assets shall be acquired by the Borrower or a Subsidiary of the Borrower and the requirements set forth in Section 4.15 shall be satisfied;

(c) the Borrower shall have delivered to Lender not less than thirty (30) days (or such shorter period of time agreed to by Lender), notice of such acquisition together with (i) pro forma combined projected financial information for the Companies and the Permitted Target consisting of projected balance sheets as of the proposed effective date of the acquisition or the closing date thereof and as of the end of the next fiscal year following the acquisition and projected statements of income and cash flows for such fiscal year and projected pro-forma covenant calculations reflecting the calculation of the covenants set forth in Sections 5.3, 5.4 and 5.5 hereof, (ii) copies of all material documents relating to such acquisition (including the acquisition agreement and any related document), (iii) historical financial information (including income statements, balance sheets and cash flows) covering at least three (3) complete fiscal years of the Permitted Target, if available, prior to the effective date of the acquisition, and (iv) such other information relating to the acquisition, the acquisition target or the Companies as the Lender may reasonably request, in each case, in form and substance reasonably satisfactory to Lender;

(d) both immediately before and after the consummation of such acquisition no Default or Event of Default shall have occurred and be continuing and, after giving effect to such acquisition, the pro forma projections and pro forma compliance certificates referred to in clause (c) above shall establish that no Default or Event of Default could reasonably be expected to occur during any period covered by such pro forma projections and such pro forma compliance certificate;

(e) the board of directors or other governing body of the Permitted Target shall not have indicated its opposition to the consummation of the acquisition; and

(f) the Lender shall have consented to such acquisition which such consent may be withheld in Lender's sole and absolute discretion and which such consent may include such additional financial, operational and other conditions as Lender shall determine are necessary or appropriate.

(vii) "Permitted Target" means a Person with operations or a business line in the same business as, or a substantially related business to, the operations and business of the Borrower and its Subsidiaries as then being conducted.

(viii) "Subordinated Convertible Note" means each of the Subordinated Convertible Note dated as of August 16, 2012 issued by Parent to the Great Point Holders (as defined in the Equity Subordination Agreement) and the Noro-Moseley Holders (as defined in the Equity Subordination Agreement).

(w) The Credit Agreement is hereby amended by (i) amending and restating in their entirety, Schedules 3.5, 3.6, 3.11, 3.14 and 3.16 to the Credit Agreement as set forth on Schedules 3.5, 3.6, 3.11, 3.14 and 3.16 hereto respectively, (ii) amending and restating in its entirety Schedule I hereto as set forth on Schedule A hereto and (iii) inserting, immediately following Schedule I thereto, a new Schedule II reading in its entirety as set forth on Schedule B hereto.

2. Fees. On the Effective Date, Borrower shall pay to Lender the Success Fee in the amount set forth on Schedule I (after giving effect to this Amendment). The Borrower and Lender agree that the payment of such Success Fee shall be in full satisfaction of the Success Fee due upon consummation of the Meta Heath Acquisition (but not any other Success Fee which may become due and payable) notwithstanding the terms and conditions of the Credit Agreement (prior to giving effect to this Amendment). All fees, once paid, shall not be refundable in whole or in part.

3. Consent. Notwithstanding the terms of the Credit Agreement, including Section 5.8 thereof, the terms of the Seller Subordination Agreement and the terms of the Amended and Restated Security Agreement dated as of December 7, 2011 among the Credit Parties party thereto and the Lender, as Secured Party, the Lender hereby consents to (a) the conversion of the Seller Indebtedness to common equity of the Parent in accordance with the terms of the Convertible Subordinated Promissory Note dated December 7, 2011 issued by the Parent and (b) the sale of securities of the Company pursuant to the terms of the Securities Purchase Agreement dated as of August 16, 2012 among the Parent and each of the purchasers party thereto and (c) the adoption of the articles of incorporation and by-laws of the Subsidiary of the Borrower merged into the Meta Health Target pursuant to the merger contemplated by Section 5.12 of the Credit Agreement (as amended hereby) in substantially the form delivered to the Lender prior to the Amendment No. 1 Effective Date.

4. Continuing Effect of Credit Agreement and Loan Documents. Each Guarantor hereby consents to the amendments to the Credit Agreement set forth in Section 1 hereof and the other terms and conditions hereof and agrees that the Guaranty Agreement dated as of December 7, 2011, is, and shall remain in full force and effect and is in all respects confirmed, approved and ratified. Each of the Borrower, each Guarantor and the Lender acknowledges and agrees that the provisions of the Credit Agreement, as amended hereby and the other Loan Documents are and shall remain in full force and effect and are in all respects confirmed, approved and ratified. Each of Borrower and each Guarantor hereby knowingly and voluntarily releases all claims, counterclaims, setoffs, actions or causes of actions, damages or liabilities of any kind or nature whatsoever whether at law or in equity, in contract or in tort, whether now accrued or hereafter maturing (collectively, "Claims") against Lender, its direct or indirect parent corporation or any direct or indirect affiliates of such parent corporation, or any of the foregoing's respective directors, officers, employees, agents, attorneys and legal representatives, or the heirs, administrators, successors or assigns of any of them that directly or indirectly arise out of, are based upon or are in any manner connected with any transaction, event, circumstance, action, or failure to act, whether known or unknown, which occurred, existed, was taken, permitted or begun at any time prior to the Effective Date in connection with the Credit Agreement or any other Loan Documents.

5. Conditions to Effectiveness. This Amendment shall be effective as of the date first above written but shall not become effective as of such date until the date (the "Effective Date") that each of the following conditions shall have been satisfied; provided however, that if the Effective Date has not occurred on or prior to August 15, 2012, this Amendment shall be of no further force or effect and shall be deemed to have been terminated:

(a) Lender shall have received from each Credit Party (including the Meta Health Target) a copy, certified by a duly authorized officer of such Credit Party to be true and complete on and as of the Effective Date, of each of the charter or other organization documents of such Credit Party as in effect on such date of certification (together with all, amendments thereto) (or, other than in the case of the Meta Health Target, a confirmation that such documents have not been amended or modified since the Closing Date) and a certificate from the Secretary of State of the State of formation of each Credit Party as to the "good standing" of such Credit Party;

(b) Lender shall have received from each Credit Party (including the Meta Health Target), a copy, certified by a duly authorized officer of such Credit Party to be true and complete on and as of the Effective Date, of the records of all action taken by such Credit Party to authorize the execution and delivery of this Amendment and any other Loan Document entered into on the Effective Date and to which it is a party or is to become a party as contemplated or required by this Amendment, and its performance of all of its agreements and obligations under each of such documents;

(c) Lender shall have received from each Credit Party (including the Meta Health Target), an incumbency certificate, dated the Effective Date, signed by a duly authorized officer of such Credit Party and giving the name and bearing a specimen signature of each individual who shall be authorized to sign, in the name and on behalf of such Credit Party, this Amendment and each of the other Loan Documents to which such Credit Party is or is to become a party on the Effective Date, and to give notices and to take other action on behalf of such Credit Party under such documents;

(d) (i) The Note, the Joinder to Security Agreement and Guaranty, Amendment No. 1 to Pledge Agreement and the other Loan Documents shall have been duly and properly authorized, executed and delivered to the Lender by the respective party or parties thereto and shall be in full force and effect on and as of the Effective Date and, (ii) Lender shall be satisfied with the due diligence associated with the preparation of the Loan Documents;

(e) No change in applicable law shall have occurred as a consequence of which it shall have become and continue to be unlawful for Lender to perform any of their agreements or obligations under this Amendment or the Credit Agreement as amended hereby, any Note, or under any of the other Loan Documents, or for any Credit Party to perform any of its agreements or obligations under this Amendment or the Credit Agreement as amended hereby, any Note, or under any of the other Loan Documents;

(f) Lender shall have received a written legal opinion of counsel to the Credit Parties, addressed to the Lender, dated the Effective Date, in form and substance satisfactory to Lender;

(g) Lender shall have completed its audit of the business operations, facilities and books and records of the Credit Parties (including the Meta Health Target) including, but not limited to, review of all material agreements, contracts and commitments of the Credit Parties and such other information and matters as the Lender or its counsel may deem necessary, which audit shall be satisfactory to Lender, in its sole and absolute discretion;

(h) Lender shall have received from each Credit Party the copies of all consents necessary for the completion of the transactions contemplated by this Amendment, the Notes, each of the other Loan Documents, and all instruments and documents incidental thereto;

(i) Each of the conditions to the "Effective Date" under and as defined in Amendment No. 1 to Senior Credit Agreement between the Borrower and the Lender shall have been satisfied;

(j) (i) Lender shall have received copies, certified as true and correct by an officer of Borrower of each Meta Health Acquisition Document, and (ii) prior to, or contemporaneous with, the funding of the additional Loans contemplated by this Amendment, the Meta Health Acquisition shall have been completed on the terms set forth in the Meta Health Acquisition Agreement and (iii) the Equity Subordination Agreement shall have been duly executed and delivered by the Borrower and each of the holders of the Subordinated Convertible Notes;

(k) Borrower shall have paid all fees and expenses due hereunder and under the other Loan Documents including the fee referred to in Section 2 hereof and the fees and expenses due pursuant to Section 8 of the Credit Agreement;

(l) From the date of the Current Financial Statements to the Effective Date, no changes shall have occurred in the assets, liabilities, financial condition, business, operations or prospects of any Company which, individually or in the aggregate, are materially adverse to the Parent, the Borrower and their Subsidiaries taken as a whole;

(m) Lender shall have received the Current Financial Statements certified by an officer of each Company, and Lender shall have been satisfied that such Current Financial Statements accurately reflect the financial status and condition of each Company (including the Meta Health Target) and a certificate dated the Effective Date demonstrating Borrower's compliance with the financial covenants set forth in Sections 5.3, 5.4 and 5.5 of the Credit Agreement;

(n) Lender shall have received a report from a UCC search firm acceptable to Lender describing any effective financing statements, judgment liens, tax liens or any other Lien and Lender shall be satisfied with the nature and extent of such Liens;

(o) Lender shall have received such additional documents, instruments or agreements as Lender may reasonably request;

(p) There does not exist any Event of Default, nor any event which upon notice or lapse of time or both would constitute an Event of Default; and

(q) The representations and warranties contained in this Amendment and in each other Loan Document and in any document delivered in connection therewith will be true and accurate on and as of such date.

6. Representations and Warranties. In order to induce the Lender to enter into this Amendment, the Borrower represents and warrants as follows:

Each of the representations and warranties of Borrower set forth in the Credit Agreement and each other Loan Document is true and correct on and as of the Effective Date both before and after giving effect to this Amendment and, as of the Effective Date, no Default or Event of Default has occurred and is continuing on and as of the Effective Date.

7. Loan Document. Borrower and Lender each acknowledge and agree that this Amendment constitutes a Loan Document.

8. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

9. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF OHIO.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

STREAMLINE HEALTH, INC.

By: /s/ Stephen H. Murdock
Name: Stephen H. Murdock
Title: Senior Vice President and Chief Financial Officer

STREAMLINE HEALTH SOLUTIONS, INC.

By: /s/ Stephen H. Murdock
Name: Stephen H. Murdock
Title: Senior Vice President and Chief Financial Officer

IPP ACQUISITION, LLC

By: /s/ Stephen H. Murdock
Name: Stephen H. Murdock
Title: Senior Vice President and Chief Financial Officer

FIFTH THIRD BANK

By: /s/ Harrison Mullin
Name: Harrison Mullin
Title: Vice President

Exhibit 10.3

EXECUTION COPY

AMENDMENT NO. 1
TO SENIOR CREDIT AGREEMENT

This AMENDMENT NO. 1 TO SENIOR CREDIT AGREEMENT, (this "Amendment") dated as of August 16, 2012 is between **STREAMLINE HEALTH, INC.** ("Borrower") and **FIFTH THIRD BANK** ("Lender").

WHEREAS, Borrower and Lender are parties to the Senior Credit Agreement dated as of December 7, 2011 (as amended, supplemented or modified from time to time, the "Credit Agreement"); and

WHEREAS, the Borrower and the Lender desire to amend certain terms and conditions of the Credit Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants contained herein, the Borrower and the Lender agree as follows (with capitalized terms used, but not otherwise defined, herein having the respective meanings given to such terms in the Credit Agreement):

1. Amendments. On and as of the Effective Date (as defined below), the Credit Agreement is amended as follows:

(a) Section 1.1(a) of the Credit Agreement is hereby amended by deleting the words, "The Revolving Credit Loans will be evidenced by the Third Amended and Restated Revolving Note of Borrower of even date herewith and all amendments, extensions and renewals thereto and restatements and replacements thereof ("Revolving Credit Note")" and inserting, in lieu thereof, the words, "The Revolving Credit Loans will be evidenced by the Fourth Amended and Restated Revolving Note of Borrower dated as of the Amendment No. 1 Effective Date and all amendments, extensions and renewals thereto and restatements and replacements thereof ("Revolving Credit Note")."

(b) Section 1.1(b) of the Credit Agreement is hereby amended by deleting the first and second sentences thereof and inserting, in lieu thereof, the following: "The Borrower shall give the Lender notice (which shall be irrevocable) of each request for the making of a Revolving Credit Loan no later than 10:00 a.m. (Eastern time) on the Business Day on which such Revolving Credit Loan is to be made. Each such notice shall be in form satisfactory to the Lender and shall specify (i) the requested date of the making of such Revolving Credit Loan which shall be a Business Day and (ii) the amount, which shall be an amount in integral multiples of $25,000."

(c) Section 1.1(c) of the Credit Agreement is hereby amended by deleting the words, "October 1, 2013" appearing therein and inserting, in lieu thereof, the words, "August 16, 2014";

(d) Section 1.1 of the Credit Agreement is hereby amended by inserting new clauses (d) and (e) reading in its entirety as follows:

"**(d) Term Loan.** Subject to the terms and conditions hereof, on the Amendment No. 1 Effective Date, upon request of the Borrower received not later than 11:00 A.M. (Eastern time), Lender hereby agrees to make a loan in a single advance (the "Term Loan") to Borrower, in an amount equal to Five Million Dollars ($5,000,000). Once repaid, any amounts advanced as the Term Loan may not be reborrowed. The Term Loan will be evidenced by the promissory note of Borrower of even date herewith and all amendments, extensions and renewals thereto and restatements and replacements thereof ("Term Note"). The proceeds of the Term Loan will be used on the Amendment No. 1 Effective Date to consummate the Meta Health Acquisition (including to pay fees and expenses associated therewith). The Lender's commitment to make the Term Loan shall expire at 5:00 PM Eastern time on the Amendment No. 1 Effective Date.

"(e) Payment and Prepayment.

(i) The principal amount of the Term Loan will be due and payable on the dates and in the amounts set forth on Schedule I hereto. Without limiting the foregoing, the entire unpaid principal amount of the Term Loan, together with accrued and unpaid interest thereon, will be due and payable on August 16, 2014.

(ii) Not later than three Business Days following the receipt of any Net Cash Proceeds of any Asset Sale by Borrower or any other Credit Party, Borrower shall prepay the Term Loan in an amount equal to 100% of such Net Cash Proceeds; *provided* that no such prepayment shall be required under this Section 1.1(e)(ii) with respect to (A) any Asset Sale permitted by Section 5.14(a) or (B) in the case of Asset Sales referred to in clause (a) of the definition thereof, Asset Sales for fair market value resulting in no more than $100,000 in Net Cash Proceeds per Asset Sale (or series of related Asset Sales) and no more than $250,000 in Net Cash Proceeds in any fiscal year or (B) in the case of Asset Sales referred to in clause (b) of the definition thereof, Asset Sales for fair market value resulting in no more than $2,000,000 in Net Cash Proceeds in the aggregate while the Loans are outstanding. All prepayments will be applied to the outstanding principal balance of the Term Loan in inverse order of maturities and no such prepayment will change the due date of the principal payment otherwise required by this Agreement. Notwithstanding the foregoing, upon written notice to Lender delivered not more than two Business Days following receipt of any Net Cash Proceeds, such proceeds may be retained by the Credit Parties (and be excluded from the prepayment requirements of this clause) if (1) the Borrower informs Lender in such notice of its good faith intention to apply (or one or more of the other Credit Party's good faith intention to apply) such Net Cash Proceeds to the acquisition of other assets or properties used or useful in the business of the Credit Parties and (2) such amount is actually expended within 180 days following the receipt of such Net Cash Proceeds to such acquisition. The amount of such Net Cash Proceeds unused after such applicable period shall be applied to prepay the Loans as set forth above.

(iii) So long as no Default or Event of Default has occurred and is continuing or would result from any prepayment pursuant to this Section 1.1(b)(iii), the Borrower may prepay the Term Loan in whole or in part at any time without premium or penalty on not less than three (3) Business Days prior notice; provided, however, that any such prepayments shall be in an amount not less than $100,000 and integral multiples of $100,000 in excess thereof. Any such prepayment will be applied to the outstanding principal balance of the Term Loan in inverse order of maturities and no such prepayment will change the due date of the principal payment otherwise required by this Agreement.

(iv) Once repaid or prepaid, the Term Loan may not be reborrowed."

(e) Section 1.2(b) of the Credit Agreement is hereby amended by deleting the first sentence thereof and inserting, in lieu thereof, the following: "Accrued and unpaid interest on the Revolving Credit Loans shall be due and payable monthly commencing January 1, 2012 and accrued and unpaid interest on the Term Loan shall be due and payable monthly commencing September 1, 2012 and, in each case, continuing on the first (1st) day of each calendar month thereafter during the term hereof."

(f) Section 1.3(b) is hereby deleted in its entirety and the following is hereby inserted in lieu thereof:

"(b) Unused Fee. Borrower will pay Lender a fee payable quarterly in arrears on the last Business Day of each February, May, August and November, commencing on February 29, 2012 in an amount equal to (i) 0.60% per annum for any period or portion of a period to and including August 15, 2012 and (ii) 0.40% per annum for any period or portion of a period from and after August 16, 2012, in each case, of the average daily Undrawn Amount."

(g) The parenthetical clause in the introduction to Section 3 of the Credit Agreement is hereby deleted in its entirety and the following is hereby inserted, in lieu thereof "(before and after giving effect to the Acquisition, on the Amendment No. 1 Effective Date, before and after giving effect to the Meta Health Acquisition and, if applicable, before and after giving effect to any Permitted Acquisition)";

(h) Section 3.3 of the Credit Agreement is hereby amended by deleting the words "December 31, 2010" and inserting, in lieu thereof, the words, "January 31, 2012 (in the case of any Company other than the Meta Health Target) and since August 16, 2012 (in the case of the Meta Health Target)";

(i) Section 3.4 of the Credit Agreement is hereby amended by (i) inserting, immediately following the words, "Acquisition Documents" appearing therein, the words, "or the Meta Health Acquisition Documents" and (ii) deleting the words "December 31, 2010" and inserting, in lieu thereof, the words, "January 31, 2012 (in the case of any Company other than the Meta Health Target) and since August 16, 2012 (in the case of the Meta Health Target)"

(j) Section 3.18 of the Credit Agreement is hereby amended by inserting, immediately following the words, "the Acquisition" appearing therein, the words, "and the Meta Health Acquisition";

(k) Section 3 of the Credit Agreement is hereby amended by inserting, at the end thereof, a new Section 3.21 and a new Section 3.22 reading in their entirety as follows:

"**3.21 Meta Health Acquisition**. The Borrower has delivered to Lender complete and correct copies of the Meta Health Acquisition Agreement and each of the other documents and agreements executed in connection therewith (collectively, the "Meta Health Acquisition Documents"), including all schedules and exhibits thereto. The Meta Health Acquisition Documents set forth the entire agreement and understanding of the Borrower and the parties thereto relating to the subject matter thereof, and there are no other agreements, arrangements or understandings, written or oral, relating to the matters covered thereby. Borrower has the power, and has taken all necessary action (including, any necessary member or comparable owner action) to authorize it, to execute, deliver and perform in accordance with their respective terms the Meta Health Acquisition Documents to which it is a party. Each of the Meta Health Acquisition Documents has been duly executed and delivered by Borrower and, to Borrower's knowledge, each of the other parties thereto and is a legal, valid and binding obligation of Borrower and to Borrower's knowledge, such other parties, enforceable against Borrower and to Borrower's knowledge, such other parties in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally. The execution, delivery and performance of the Meta Health Acquisition Documents in accordance with their respective terms does not and will not require any governmental approval or any other consent or approval, other than governmental approvals and other consents and approvals that have been obtained. All conditions precedent to the Meta Health Acquisition pursuant to the Meta Health Acquisition Agreement have been fulfilled in all material respects and, as of the Amendment No. 1 Effective Date, the Meta Health Acquisition Agreement has not been amended or otherwise modified and there has been no breach by the Borrower or, to Borrower's knowledge, any other party thereto, of any term or condition of the Meta Health Acquisition Documents. Upon consummation of the transactions contemplated by the Meta Health Acquisition Documents to be consummated at the closing thereunder, the Borrower shall acquire good and legal title to the stock and other property being transferred pursuant to the Meta Health Acquisition Agreement.

3.22 Permitted Acquisition. Prior to consummation of a Permitted Acquisition, the Borrower shall have delivered to Lender complete and correct copies of each document and agreement executed in connection therewith (collectively, the "Permitted Acquisition Documents"), including all schedules and exhibits thereto. The Permitted Acquisition Documents shall set forth the entire agreement and understanding of the Borrower and the parties thereto relating to the subject matter thereof, and there will be no other agreements, arrangements or understandings, written or oral, relating to the matters covered thereby. Borrower shall have the power, and shall have taken all necessary action (including, any necessary member or comparable owner action) to authorize it, to execute, deliver and perform in accordance with their respective terms the Permitted Acquisition Documents to which it is a party. Each of the Permitted Acquisition Documents will have been duly executed and delivered by Borrower and, to Borrower's knowledge, each of the other parties thereto and will be the legal, valid and binding obligation of Borrower and to Borrower's knowledge, such other parties, enforceable against Borrower and to Borrower's knowledge, such other parties in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally. The execution, delivery and performance of the Permitted Acquisition Documents in accordance with their respective terms will not require any governmental approval or any other consent or approval, other than governmental approvals and other consents and approvals that have been obtained. All conditions precedent to the Permitted Acquisition pursuant to the Permitted Acquisition Documents shall have been fulfilled in all material respects and, as of the date of the consummation of the Permitted Acquisition, the Permitted Acquisition Documents shall not have been amended or otherwise modified and there shall not be any breach by the Borrower or, to Borrower's knowledge, any other party thereto, of any term or condition of the Permitted Acquisition Documents. Upon consummation of the transactions contemplated by the Permitted Acquisition Documents to be consummated at the closing thereunder, the Borrower shall acquire good and legal title to the stock or assets and other property being transferred pursuant to the Permitted Acquisition Documents. None of the foregoing shall in any manner obligate the Borrower or any Subsidiary to consummate any Permitted Acquisition and the foregoing representation shall only apply if, when and to the extent that a Permitted Acquisition is consummated and the Permitted Acquisition Documents are executed and delivered."

(l) Section 4.16 of the Credit Agreement is herby amended by inserting at the end of such Section, the words, "; provided, further, however, that for a period of not more than sixty (60) days after the Amendment No. 1 Effective Date, the Meta Health Target may maintain one or more deposit accounts with JP Morgan Chase Bank so long as (a) with respect to any non-payroll account, any amounts credited to such account in excess of $50,000 are promptly, and in any event, within one Business Day, transferred to an account of a Company maintained with Lender, (b) with respect to any payroll account, other than amounts credited to such account to be paid to employees of the Meta Health Target not more than one Business Day prior to the making of such payments, any amounts in excess of $50,000 are promptly, and in any event, within one Business Day, transferred to an account of a Company maintained with the Lender and (c) the aggregate amount credited to all such accounts shall not exceed $100,000 (exclusive of any amounts credited to a payroll account to be paid to employees of the Meta Health Target as specified in clause (b))";

(m) Section 5.1 of the Credit Agreement is hereby amended by inserting, at the end of clause (c) thereof the words, "and so long as the Equity Subordination Agreement is in full force and effect, the Subordinated Convertible Notes and any Indebtedness incurred in connection with a Permitted Acquisition so long as such Indebtedness is subordinate to the Obligations on terms and conditions reasonably acceptable to the Lender";

(n) Section 5.3 of the Credit Agreement is hereby deleted in its entirety and the following is hereby inserted in lieu thereof:

"**5.3 Minimum EBITDA.** Permit Adjusted EBITDA as of the end of any fiscal quarter to be less than the amount set forth below opposite such fiscal quarter calculated quarterly on a trailing four (4) quarter basis (except as otherwise provided in the definition of Adjusted EBITDA):

Four Quarters Ending	Amount
October 31, 2012 and January 31, 2013	$5,000,000
April 30, 2013 and each July 31, October 31, January 31 and April 30 thereafter	$7,000,000

(o) Section 5.5 of the Credit Agreement is hereby deleted in its entirety and the following is hereby inserted, in lieu thereof:

"**5.5 Funded Debt to Adjusted EBITDA.** Permit its ratio of Funded Debt (on a consolidated basis for Parent, Borrower and its Subsidiaries) to Adjusted EBITDA as of the end of any fiscal quarter to exceed the ratio set forth below opposite such fiscal quarter calculated quarterly on a trailing four (4) quarter basis (except as otherwise provided in the definition of Adjusted EBITDA):

Four Quarters Ending	Ratio
October 31, 2012 and each January 31, April 30, July 31 and October 31 thereafter	3.00:1

(p) Section 5.9(a) of the Credit Agreement is hereby amended by inserting, at the end of such Section, the words, “and the Meta Health Acquisition and any Permitted Acquisition”;

(q) Section 5.10(a) of the Credit Agreement is hereby amended by inserting, at the end of such Section, the words, “and the Meta Health Acquisition and any Permitted Acquisition”;

(r) Section 5.12 of the Credit Agreement is hereby amended by (i) inserting at the end of clause (a) of the proviso in such Section, the words “subject to compliance with the foregoing, the Borrower may acquire the Meta Health Target pursuant to the Meta Health Acquisition Agreement and may acquire a Permitted Target pursuant to Permitted Acquisition Documents and “and (ii) inserting, at the end of such Section, the words, “Notwithstanding the terms of the Credit Agreement and the other Loan Documents, including Section 5.6 and this Section 5.12, if shareholders owning at lease ninety percent (90%) but less than all of the issued and outstanding capital stock of the Meta Health Target execute the Meta Health Acquisition Agreement, the Borrower may consummate the Meta Health Acquisition; provided that (A) not more than seven (7) days following the effective date of such Meta Health Acquisition, the Borrower causes the Meta Health Target to be merged with or into the Borrower, any Guarantor or any other Subsidiary such that after giving effect to such merger the requirements set forth in clause (a) have been met and (B) the Borrower shall not permit the total consideration paid to any shareholder of the Meta Health Target (including pursuant to any appraisal rights or similar action) to exceed 102% of the consideration specified for such shareholder on Appendix B to the Meta Health Acquisition Agreement”;

(s) The definition of “Applicable Margin” in Section 11.2 of the Credit Agreement is hereby deleted in its entirety and the following is hereby inserted, in lieu thereof:

““Applicable Margin” means (a) in the case of Revolving Credit Loans, three percent (3.00%) and (b) in the case of the Term Loan, five and one-half percent (5.50%).”

(t) The definition of "Adjusted EBITDA" in Section 11.2 of the Credit Agreement is hereby deleted in its entirety and the following is hereby inserted, in lieu thereof:

""Adjusted EBITDA" means, for Parent and its Subsidiaries, on a consolidated basis, for any period, net income (determined in accordance with GAAP) *plus*, (i) in each case to the extent deducted in determining net income, (a) interest expense, income tax expense, depreciation and amortization, non-cash share-based compensation expense and other extraordinary, non-cash expense, (b) transaction fees, costs and expenses incurred in connection with the Acquisition in an aggregate amount not to exceed $200,000 of which 25%, 50%, 75% and 100% of such fees, costs and expenses shall be included in the period incurred for purposes of the calculation of Adjusted EBITDA for the periods ending January 31, 2012, April 30, 2012, July 31, 2012 and October 31, 2012, respectively, (c) for the quarter ending October 31, 2012, the non-recurring expense relating to the write-down of capitalized software development costs and (d) transaction fees, costs and expenses incurred in such period in connection with the Meta Health Acquisition (including fees and expenses incurred in connection with any amendment to this Agreement or the other Loan Documents and in connection with the transactions contemplated by the Securities Purchase Agreement dated as of August 16, 2012 among the Parent and each of the purchasers party thereto) in an aggregate amount not to exceed $1,500,000, *minus*, (ii) to the extent included in determining net income, any non-cash gains; provided however that, for purposes of Section 5.3 and 5.5, for purposes of calculating Adjusted EBITDA on a trailing four quarter basis Adjusted EBITDA will be increased by the amount set forth on Schedule II for each month from November 2011 to July 2012 to the extent that such month would otherwise be included for purposes of calculating Adjusted EBITDA on a trailing four quarter basis.

(u) Clause (a) of the definition of "Base Rate" appearing in Section 11.2 is hereby deleted in its entirety and the following is hereby inserted in lieu thereof: "(a) in the case of Revolving Credit Loans, two and three-quarters percent (2.75%) and, in the case of the Term Loan, five and one-quarter percent (5.25%) and"

(v) The definition of "Current Financial Statements" appearing in Section 11.2 of the Credit Agreement is hereby deleted in its entirety and the following is hereby inserted, in lieu thereof:

"Current Financial Statements" means (a) as of the Closing Date, the audited financial statements of the Target for the period ending December 31, 2010 and the unaudited financial statements of the Target for the period ending June 30, 2011 which such financial statement shall comply with Section 4.2 or 4.3, (b) as of the Amendment No. 1 Effective Date, the most current financial statements, tax returns and other documents with respect to Borrower delivered to Lender pursuant to Section 4 and the audited financial statements of the Meta Health Target for the period ending December 31, 2011 and the unaudited financial statements of the Meta Health Target for the period ending June 30, 2012 which such financial statement shall comply with Section 4.2 or 4.3 and (c) at any other time, the most current financial statements, tax returns and other documents with respect to Borrower delivered to Lender pursuant to Section 4.;

(w) The definition of "Funded Debt" in Section 11.2 of the Credit Agreement is hereby amended by inserting, immediately following the words, "so long as the Seller Subordination Agreement is in full force and effect", the words, "and effect and the Subordinated Convertible Notes so long as the Equity Subordination Agreement is in full force and effect";

(x) The definition of “Loan” in Section 11.2 of the Credit Agreement is hereby deleted in its entirety and the following is inserted, in lieu thereof:

““Loan” means, collectively, any and all Revolving Credit Loans and the Term Loan.”

(y) The definition of “Minimum Availability” in Section 11.2 of the Credit Agreement is hereby amended by deleting the number and sign “$750,000” appearing therein and inserting, in lieu thereof, the number and sign “$2,000,000”;

(z) The definition of “Note” in Section 11.2 of the Credit Agreement is hereby amended by inserting, immediately following the words, “the Revolving Credit Note” appearing therein, the words, “and the Term Note”;

(aa) The definition of “Revolving Commitment” in Section 11.2 of the Credit Agreement is hereby deleted in its entirety and the following is inserted, in lieu thereof:

““Revolving Commitment” of the Lender means Five Million Dollars ($5,000,000).”;

(bb) Section 11.2 is hereby amended by inserting the following definitions in the proper alphabetical order:

(i) “Amendment No. 1 Effective Date” means the Effective Date under and as defined in Amendment No. 1 to Senior Credit Agreement dated as of August 16, 2012 between Borrower and Lender.

(ii) “Asset Sale” shall mean (a) any conveyance, sale, lease, sublease, assignment, transfer or other disposition (including by way of merger or consolidation and including any sale and leaseback) of any property excluding sales of inventory and dispositions of cash and cash equivalents, in each case, in the ordinary course of business, by Borrower or any of its Subsidiaries and (b) any issuance or sale of any Capital Stock of Parent, Borrower or any Subsidiary of Parent or Borrower, in the case of either (a) or (b), to any person other than (i) Borrower or (ii) any other Credit Party.

(iii) “Equity Subordination Agreement” means the Subordination Agreement dated as of August 16, 2012 among Parent, Lender, Great Point Holders identified therein and Noro-Moseley Holders identified therein.

(iv) “Meta Health Acquisition” means the acquisition by Borrower of all or, subject to Section 5.12, not less than 90% of the issued and outstanding stock of the Meta Health Target and the other transactions contemplated by the Meta Health Acquisition Agreement.

(v) “Meta Health Acquisition Agreement” means the Stock Purchase Agreement dated as of August 16, 2012 among Borrower, the Parent, and the shareholders of the Meta Health Target party thereto.

(vi) “Meta Health Target” means Meta Health Technology Inc.

(vii) “Net Cash Proceeds” means (a) with respect to any Asset Sale (other than any issuance or sale of Capital Stock), the cash proceeds received by Parent or any of its Subsidiaries (including cash proceeds subsequently received (as and when received by Parent or any of its Subsidiaries) in respect of non-cash consideration initially received) net of (i) selling expenses (including reasonable brokers’ fees or commissions, legal, accounting and other professional and transactional fees, transfer and similar taxes and Borrower’s good faith estimate of income taxes paid or payable in connection with such sale); (ii) amounts provided as a reserve, in accordance with GAAP, against any liabilities under any indemnification obligations associated with such Asset Sale (*provided* that, to the extent and at the time any such reserve is reduced and the amount of such reduction is not applied to pay such liabilities or obligations, such amounts shall constitute Net Cash Proceeds); and (iii) the principal amount, premium or penalty, if any, interest and other amounts on any Indebtedness for borrowed money which is secured by a Lien on the properties sold in such Asset Sale and which is repaid in cash with such proceeds (it being understood that any such Indebtedness assumed by the purchaser of such properties is not repaid) and, in the case of a sale and leaseback, the amount actually paid to acquire the applicable assets if such acquisition occurs substantially at the same time as the relevant Asset Sale and (b) with respect to any issuance or sale of Capital Stock by Parent or any Subsidiary of Parent, the cash proceeds thereof, net of customary fees, commissions, costs and other expenses incurred in connection therewith and any reserves, in accordance with GAAP, against costs, fees and expenses permitted to be deducted pursuant hereto but which are not yet due and payable or for which a final amount is not available (provided that to the extent and at the time any reserve is reduced and the amount of such reduction is not applied to pay such fees, costs and expenses, such amounts shall constitute Net Cash Proceeds).

(viii) “Permitted Acquisition” means the acquisition by the Borrower or any of its Subsidiaries of all or substantially all of the assets of, or all of the issued and outstanding capital stock of, a Permitted Target which satisfies and/or is conducted in accordance with the following requirements:

(a) if such acquisition is structured as an acquisition of the capital stock of any Permitted Target, then such Permitted Target shall either (i) become a wholly-owned Subsidiary of the Borrower and the requirements set forth in Section 5.12 shall be satisfied or (ii) be merged with and into the Borrower or any of its Subsidiaries (with the applicable Borrower or such Subsidiary being the surviving entity);

(b) if such acquisition is structured as the acquisition of assets, such assets shall be acquired by the Borrower or a Subsidiary of the Borrower and the requirements set forth in Section 4.15 shall be satisfied;

(c) the Borrower shall have delivered to Lender not less than thirty (30) days (or such shorter period of time agreed to by Lender), notice of such acquisition together with (i) pro forma combined projected financial information for the Companies and the Permitted Target consisting of projected balance sheets as of the proposed effective date of the acquisition or the closing date thereof and as of the end of the next fiscal year following the acquisition and projected statements of income and cash flows for such fiscal year and projected pro-forma covenant calculations reflecting the calculation of the covenants set forth in Sections 5.3, 5.4 and 5.5 hereof, (ii) copies of all material documents relating to such acquisition (including the acquisition agreement and any related document), (iii) historical financial information (including income statements, balance sheets and cash flows) covering at least three (3) complete fiscal years of the Permitted Target, if available, prior to the effective date of the acquisition, and (iv) such other information relating to the acquisition, the acquisition target or the Companies as the Lender may reasonably request, in each case, in form and substance reasonably satisfactory to Lender ;

(d) both immediately before and after the consummation of such acquisition no Default or Event of Default shall have occurred and be continuing and, after giving effect to such acquisition, the pro forma projections and pro forma compliance certificates referred to in clause (c) above shall establish that no Default or Event of Default could reasonably be expected to occur during any period covered by such pro forma projections and such pro forma compliance certificate;

(e) the board of directors or other governing body of the Permitted Target shall not have indicated its opposition to the consummation of the acquisition; and

(f) the Lender shall have consented to such acquisition which such consent may be withheld in Lender's sole and absolute discretion and which such consent may include such additional financial, operational and other conditions as Lender shall determine are necessary or appropriate.

(ix) "Permitted Target" means a Person with operations or a business line in the same business as, or a substantially related business to, the operations and business of the Borrower and its Subsidiaries as then being conducted.

(x) "Subordinated Convertible Note" means each of the Subordinated Convertible Note dated as of August 16, 2012 issued by Parent to the Great Point Holders (as defined in the Equity Subordination Agreement) and the Noro-Moseley Holders (as defined in the Equity Subordination Agreement).

(cc) The Credit Agreement is hereby amended by (i) amending and restating in their entirety, Schedules 3.5, 3.6, 3.11, 3.14 and 3.16 to the Credit Agreement as set forth on Schedules 3.5, 3.6, 3.11, 3.14 and 3.16 hereto respectively and (ii) inserting, immediately following Schedule 3.16 thereto, a new Schedule I reading in its entirety as set forth on Schedule A hereto and a new Schedule II reading in its entirety as set forth on Schedule B hereto.

2. Fees. On the Effective Date, Borrower shall pay to Lender a fully earned commitment fee of Seventy-Five Thousand Dollars ($75,000). All fees, once paid, shall not be refundable in whole or in part.

3. Consent. Notwithstanding the terms of the Credit Agreement, including Section 5.8 thereof, the terms of the Seller Subordination Agreement and the terms of the Amended and Restated Security Agreement dated as of December 7, 2011 among the Credit Parties party thereto and the Lender, as Secured Party, the Lender hereby consents to (a) the conversion of the Seller Indebtedness to common equity of the Parent in accordance with the terms of the Convertible Subordinated Promissory Note dated December 7, 2011 issued by the Parent and (b) the sale of securities of the Company pursuant to the terms of the Securities Purchase Agreement dated as of August 16, 2012 among the Parent and each of the purchasers party thereto and (c) the adoption of the articles of incorporation and by-laws of the Subsidiary of the Borrower merged into the Meta Health Target pursuant to the merger contemplated by Section 5.12 of the Credit Agreement (as amended hereby) in substantially the form delivered to the Lender prior to the Amendment No. 1 Effective Date.

4. Continuing Effect of Credit Agreement and Loan Documents. Each Guarantor hereby consents to the amendments to the Credit Agreement set forth in Section 1 hereof and the other terms and conditions hereof and agrees that the Guaranty Agreement dated as of December 7, 2011, is, and shall remain in full force and effect and is in all respects confirmed, approved and ratified. Each of the Borrower, each Guarantor and the Lender acknowledges and agrees that the provisions of the Credit Agreement, as amended hereby and the other Loan Documents are and shall remain in full force and effect and are in all respects confirmed, approved and ratified. Each of Borrower and each Guarantor hereby knowingly and voluntarily releases all claims, counterclaims, setoffs, actions or causes of actions, damages or liabilities of any kind or nature whatsoever whether at law or in equity, in contract or in tort, whether now accrued or hereafter maturing (collectively, “Claims”) against Lender, its direct or indirect parent corporation or any direct or indirect affiliates of such parent corporation, or any of the foregoing’s respective directors, officers, employees, agents, attorneys and legal representatives, or the heirs, administrators, successors or assigns of any of them that directly or indirectly arise out of, are based upon or are in any manner connected with any transaction, event, circumstance, action, or failure to act, whether known or unknown, which occurred, existed, was taken, permitted or begun at any time prior to the Effective Date in connection with the Credit Agreement or any other Loan Documents.

5. Conditions to Effectiveness. This Amendment shall be effective as of the date first above written but shall not become effective as of such date until the date (the "Effective Date") that each of the following conditions shall have been satisfied; provided however, that if the Effective Date has not occurred on or prior to August 15, 2012, this Amendment shall be of no further force or effect and shall be deemed to have been terminated:

(a) Lender shall have received from each Credit Party (including the Meta Health Target) a copy, certified by a duly authorized officer of such Credit Party to be true and complete on and as of the Effective Date, of each of the charter or other organization documents of such Credit Party as in effect on such date of certification (together with all, amendments thereto) (or, other than in the case of the Meta Health Target, a confirmation that such documents have not been amended or modified since the Closing Date) and a certificate from the Secretary of State of the State of formation of each Credit Party as to the "good standing" of such Credit Party;

(b) Lender shall have received from each Credit Party (including the Meta Health Target), a copy, certified by a duly authorized officer of such Credit Party to be true and complete on and as of the Effective Date, of the records of all action taken by such Credit Party to authorize the execution and delivery of this Amendment and any other Loan Document entered into on the Effective Date and to which it is a party or is to become a party as contemplated or required by this Amendment, and its performance of all of its agreements and obligations under each of such documents;

(c) Lender shall have received from each Credit Party (including the Meta Health Target), an incumbency certificate, dated the Effective Date, signed by a duly authorized officer of such Credit Party and giving the name and bearing a specimen signature of each individual who shall be authorized to sign, in the name and on behalf of such Credit Party, this Amendment and each of the other Loan Documents to which such Credit Party is or is to become a party on the Effective Date, and to give notices and to take other action on behalf of such Credit Party under such documents;

(d) (i) The Notes, the Joinder to Security Agreement and Guaranty, Amendment No. 1 to Pledge Agreement and the other Loan Documents shall have been duly and properly authorized, executed and delivered to the Lender by the respective party or parties thereto and shall be in full force and effect on and as of the Effective Date and, (ii) Lender shall be satisfied with the due diligence associated with the preparation of the Loan Documents;

(e) No change in applicable law shall have occurred as a consequence of which it shall have become and continue to be unlawful for Lender to perform any of their agreements or obligations under this Amendment or the Credit Agreement as amended hereby, any Note, or under any of the other Loan Documents, or for any Credit Party to perform any of its agreements or obligations under this Amendment or the Credit Agreement as amended hereby, any Note, or under any of the other Loan Documents;

(f) Lender shall have received a written legal opinion of counsel to the Credit Parties, addressed to the Lender, dated the Effective Date, in form and substance satisfactory to Lender;

(g) Lender shall have completed its audit of the business operations, facilities and books and records of the Credit Parties (including the Meta Health Target) including, but not limited to, review of all material agreements, contracts and commitments of the Credit Parties and such other information and matters as the Lender or its counsel may deem necessary, which audit shall be satisfactory to Lender, in its sole and absolute discretion;

(h) Lender shall have received from each Credit Party the copies of all consents necessary for the completion of the transactions contemplated by this Amendment, the Notes, each of the other Loan Documents, and all instruments and documents incidental thereto;

(i) Each of the conditions to the "Effective Date" under and as defined in Amendment No. 1 to Subordinated Credit Agreement between the Borrower and the Lender shall have been satisfied;

(j) (i) Lender shall have received copies, certified as true and correct by an officer of Borrower of each Meta Health Acquisition Document, and (ii) prior to, or contemporaneous with, the funding of the additional Loans contemplated by this Amendment, the Meta Health Acquisition shall have been completed on the terms set forth in the Meta Health Acquisition Agreement and (iii) the Equity Subordination Agreement shall have been duly executed and delivered by the Borrower and each of the holders of the Subordinated Convertible Notes;

(k) Borrower shall have paid all fees and expenses due hereunder and under the other Loan Documents including the fee referred to in Section 2 hereof and the fees and expenses due pursuant to Section 8 of the Credit Agreement;

(l) From the date of the Current Financial Statements to the Effective Date, no changes shall have occurred in the assets, liabilities, financial condition, business, operations or prospects of any Company which, individually or in the aggregate, are materially adverse to the Parent, the Borrower and their Subsidiaries taken as a whole;

(m) Lender shall have received the Current Financial Statements certified by an officer of each Company, and Lender shall have been satisfied that such Current Financial Statements accurately reflect the financial status and condition of each Company (including the Meta Health Target) and a certificate dated the Effective Date demonstrating Borrower's compliance with the financial covenants set forth in Sections 5.3, 5.4 and 5.5 of the Credit Agreement;

(n) Lender shall have received a report from a UCC search firm acceptable to Lender describing any effective financing statements, judgment liens, tax liens or any other Lien and Lender shall be satisfied with the nature and extent of such Liens;

(o) Lender shall have received such additional documents, instruments or agreements as Lender may reasonably request;

(p) There does not exist any Event of Default, nor any event which upon notice or lapse of time or both would constitute an Event of Default; and

(q) The representations and warranties contained in this Amendment and in each other Loan Document and in any document delivered in connection therewith will be true and accurate on and as of such date.

6. Representations and Warranties. In order to induce the Lender to enter into this Amendment, the Borrower represents and warrants as follows:

Each of the representations and warranties of Borrower set forth in the Credit Agreement and each other Loan Document is true and correct on and as of the Effective Date both before and after giving effect to this Amendment and, as of the Effective Date, no Default or Event of Default has occurred and is continuing on and as of the Effective Date.

7. Loan Document. Borrower and Lender each acknowledge and agree that this Amendment constitutes a Loan Document.

8. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

9. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF OHIO.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

STREAMLINE HEALTH, INC.

By: /s/ Stephen H. Murdock
Name: Stephen H. Murdock
Title: Senior Vice President and Chief Financial Officer

STREAMLINE HEALTH SOLUTIONS, INC.

By: /s/ Stephen H. Murdock
Name: Stephen H. Murdock
Title: Senior Vice President and Chief Financial Officer

IPP ACQUISITION, LLC

By: /s/ Stephen H. Murdock
Name: Stephen H. Murdock
Title: Senior Vice President and Chief Financial Officer

FIFTH THIRD BANK

By: /s/ Daniel G. Feldmann
Name: Daniel G. Feldmann
Title: Vice President

Exhibit 10.4

Execution Version

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "***Agreement***") is dated as of August 16, 2012, between Streamline Health Solutions, Inc., a Delaware corporation (the "***Company***"), and each purchaser identified on the signature pages hereto (each, including its successors and assigns, a "***Purchaser***" and collectively, the "***Purchasers***").

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "***Securities Act***"), and Rule 506 promulgated thereunder, the Company desires to issue and sell to each Purchaser, and each Purchaser, severally and not jointly, desires to purchase from the Company, securities of the Company as more fully described in this Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and each Purchaser agree as follows:

ARTICLE I.
DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement: (a) capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Certificate of Designation (as defined herein), and (b) the following terms have the meanings set forth in this Section 1.1:

"***Acquiring Person***" shall have the meaning ascribed to such term in Section 4.6.

"***Action***" shall have the meaning ascribed to such term in Section 3.1(j).

"***Affiliate***" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"***Board of Directors***" means the board of directors of the Company.

"***Business Day***" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of Ohio are authorized or required by law or other governmental action to close.

"***Certificate of Designation***" means the Certificate of Designation to be filed prior to the Closing by the Company with the Secretary of State of Delaware, in the form of Exhibit A attached hereto.

"***Closing***" means the closing of the purchase and sale of the Securities pursuant to Section 2.1.

"***Closing Date***" means the Trading Day on which all of the Transaction Documents have been executed and delivered by the applicable parties thereto, and all conditions precedent to (i) the Purchasers' obligations to pay the Subscription Amount and (ii) the Company's obligations to deliver the Securities, in each case, have been satisfied or waived, but in no event later than the third Trading Day following the date hereof.

"***Commission***" means the United States Securities and Exchange Commission.

"***Common Stock***" means the common stock of the Company, par value $0.01 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

"***Common Stock Equivalents***" means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"***Company Counsel***" means Benesch Friedlander Coplan & Aronoff LLP, with offices located at 200 Public Square, Suite 2300, Cleveland, Ohio 44145.

"***Conversion Price***" shall have the meaning ascribed to such term in the Certificate of Designation.

"***Conversion Shares***" shall have the meaning ascribed to such term in the Certificate of Designation.

"***Convertible Notes***" means, collectively, the Convertible Notes, dated the date hereof, issued by the Company to each Purchaser, in the form of Exhibit D attached hereto.

"***Disclosure Schedules***" shall have the meaning ascribed to such term in Section 3.1.

"***Effective Date***" means the earliest of the date that (a) the initial Registration Statement has been declared effective by the Commission, (b) all of the Registrable Securities have been sold pursuant to Rule 144 or may be sold pursuant to Rule 144 without volume or manner-of-sale restrictions or (c) following the one year anniversary of the Closing Date provided that a holder of Registrable Securities is not an Affiliate of the Company, all of the Registrable Securities may be sold pursuant to an exemption from registration under Section 4(1) of the Securities Act without volume or manner-of-sale restrictions and Company counsel has delivered to such holders a standing written unqualified opinion that resales may then be made by such holders of the Registrable Securities pursuant to such exemption which opinion shall be in form and substance reasonably acceptable to such holders.

"***Evaluation Date***" shall have the meaning ascribed to such term in Section 3.1(r).

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"***Exempt Issuance***" means the issuance of (a) shares of Common Stock or options to employees, consultants, officers, or directors of the Company pursuant to any stock or option plan or other arrangement duly adopted for such purpose by a majority of the non-employee members of the Board of Directors or a majority of the members of a committee of non-employee directors established for such purpose, (b) securities upon the exercise or exchange of or conversion of any Securities issued hereunder and/or other securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Agreement, provided that such securities have not been amended since the date of this Agreement to increase the number of such securities or to decrease the exercise price, exchange price or conversion price of such securities and (c) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company.

"***GAAP***" shall have the meaning ascribed to such term in Section 3.1(h).

"***GPP***" means Great Point Partners, LLC and its affiliated funds.

"***Indebtedness***" shall have the meaning ascribed to such term in Section 3.1(aa).

"***Intellectual Property Rights***" shall have the meaning ascribed to such term in Section 3.1(o).

"***Legend Removal Date***" shall have the meaning ascribed to such term in Section 4.1(c).

"***Liens***" means a lien, charge, pledge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

"***Material Adverse Effect***" shall have the meaning assigned to such term in Section 3.1(b).

"***Material Permits***" shall have the meaning ascribed to such term in Section 3.1(m).

"***NMP***" means Noro-Moseley Partners and its affiliated funds.

"***Note Purchase Amount***" means, as to each Purchaser, the aggregate amount to be paid for the Convertible Note purchased hereunder as specified below such Purchaser's name on the signature page of this Agreement and next to the heading "Note Purchase Amount," in United States dollars and in immediately available funds.

"***Permitted Liens***" shall have the meaning as set forth on Schedule 3.1(a).

"***Person***" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"***Preferred Stock***" means up to 4,000,000 shares of the Company's Series A 0% Convertible Preferred Stock issued hereunder or pursuant to the Convertible Notes and having the rights, preferences and privileges set forth in the Certificate of Designation, in the form of Exhibit A hereto.

"***Proceeding***" means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"***Purchaser Party***" shall have the meaning ascribed to such term in Section 4.8.

"***Registration Rights Agreement***" means the Registration Rights Agreement, dated the date hereof, among the Company and the Purchasers, in the form of Exhibit B attached hereto.

"***Registration Statement***" means a registration statement meeting the requirements set forth in the Registration Rights Agreement and covering the resale of the Underlying Shares by each Purchaser as provided for in the Registration Rights Agreement.

"***Required Approvals***" shall have the meaning ascribed to such term in Section 3.1(e).

"***Required Purchasers***" means, as of any date, the Purchasers then holding at least sixty-seven percent (67%) of the shares of the Preferred Stock and at least sixty-seven percent (67%) of the principal amount of all Convertible Notes then held by all Purchasers.

"***Required Minimum***" means, as of any date, the maximum aggregate number of shares of Common Stock then issued or potentially issuable in the future pursuant to the Transaction Documents, including any Underlying Shares issuable upon exercise in full of all Warrants or conversion in full of all shares of Preferred Stock (including shares of Preferred Stock issuable upon conversion of the Convertible Notes), ignoring any conversion or exercise limits set forth therein.

"***Rule 144***" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"***Rule 424***" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"***SEC Reports***" shall have the meaning ascribed to such term in Section 3.1(h).

"***Securities***" means the Convertible Notes, the Preferred Stock, the Warrants, the Warrant Shares and the Underlying Shares.

"***Securities Act***" shall have the meaning ascribed to such term in the recitals.

"***Short Sales***" means all "short sales" as defined in Rule 200 of Regulation SHO under the Exchange Act (but shall not be deemed to include the location and/or reservation of borrowable shares of Common Stock).

"***Special Meeting***" shall have the meaning ascribed to such term in Section 4.14

"***Stated Value***" means $3.00 per share of Preferred Stock.

"***Subscription Amount***" means, as to each Purchaser, the aggregate amount to be paid for the Preferred Stock and Warrants purchased hereunder as specified below such Purchaser's name on the signature page of this Agreement and next to the heading "Subscription Amount," in United States dollars and in immediately available funds.

"***Subsidiary***" means any subsidiary of the Company as set forth on Schedule 3.1(a) and shall, where applicable, also include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

"***Tax***" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"***Trading Day***" means a day on which the principal Trading Market is open for trading.

"***Trading Market***" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE AMEX, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange or the OTC Bulletin Board (or any successors to any of the foregoing).

"***Transaction Documents***" means this Agreement, the Certificate of Designation, the Convertible Notes, the Warrants, the Registration Rights Agreement, and any other documents or agreements executed in connection with the transactions contemplated hereunder.

"***Transfer Agent***" means Computershare, the current transfer agent of the Company, with a mailing address of 350 Indiana Street, Suite 750, Golden, CO 80401 and a facsimile number of (303) 262-0610, and any successor transfer agent of the Company.

"***Underlying Shares***" means the shares of Common Stock issued and issuable upon conversion of the Preferred Stock and upon exercise of the Warrants.

"***Voting Agreement***" shall have the meaning ascribed to such term in Section 2.2(a).

"***Warrants***" means, collectively, the Common Stock purchase warrants delivered to the Purchasers at the Closing in accordance with Section 2.2(a) hereof, which Warrants shall be exercisable commencing on the date that follows by six months the Closing Date and continuing for five years thereafter, in the form of Exhibit C attached hereto.

"***Warrant Shares***" means the shares of Common Stock issuable upon exercise of the Warrants.

ARTICLE II.
PURCHASE AND SALE

2.1 Closing. On the Closing Date, upon the terms and subject to the conditions set forth herein, substantially concurrent with the execution and delivery of this Agreement by the parties hereto, the Company agrees to sell, and the Purchasers, severally and not jointly, agree to purchase, (a) an aggregate of $7,222,646.30 of shares of Preferred Stock with an aggregate Stated Value for each Purchaser equal to such Purchaser's Subscription Amount as set forth on the signature page hereto executed by such Purchaser, (b) an aggregate of $4,777,353.71 in Convertible Notes, with a Convertible Note issued to each Purchaser in a principal amount equal to such Purchaser's Note Purchase Amount as set forth on the signature page hereto executed by such Purchaser, and (c) Warrants as determined pursuant to Section 2.2(a). Each Purchaser shall deliver to the Company, via wire transfer, immediately available funds equal to the sum of its Subscription Amount and its Note Purchase Amount and the Company shall deliver to each Purchaser its respective shares of Preferred Stock, Convertible Note and Warrant as determined pursuant to Section 2.2(a), and the Company and each Purchaser shall deliver the other items set forth in Section 2.2 deliverable at the Closing. Upon satisfaction of the covenants and conditions set forth in Sections 2.2 and 2.3, the Closing shall occur at the offices of Company Counsel or such other location as the parties shall mutually agree. The parties agree that the aggregate purchase price for the Preferred Stock, Convertible Notes and Warrants be allocated in accordance with their relative fair market value as follows: (a) Preferred Stock, $6,626,818.07, (b) Convertible Notes, $4,341,181.93 and (c) Warrants, $1,032,000.

2.2 Deliveries.

(a) On or prior to the Closing Date, the Company shall deliver or cause to be delivered to each Purchaser the following:

(i) this Agreement, duly executed by the Company;

(ii) a legal opinion of Company Counsel, substantially in the form of Exhibit E attached hereto;

(iii) a certificate evidencing a number of shares of Preferred Stock equal to such Purchaser's Subscription Amount divided by the Stated Value, registered in the name of such Purchaser and evidence of the filing and acceptance of the Certificate of Designation from the Secretary of State of Delaware;

(iv) a Convertible Note in a principal amount equal to such Purchaser's Note Purchase Amount, duly executed by the Company;

(v) a Warrant registered in the name of such Purchaser to purchase up to 1,200,000 shares of Common Stock, with an exercise price equal to $3.99, subject to adjustment therein;

(vi) the Registration Rights Agreement duly executed by the Company;

(vii) a good standing certificate of each of the Secretary of State of Delaware and Ohio with respect to the Company; and

(viii) Voting agreements, substantially in the form of Exhibit F attached hereto (each, a "***Voting Agreement***"), duly executed by stockholders of the Company holding at least 22% of the shares of the Common Stock of the Company; and

(ix) Indemnification agreements between the Company and each director of the Company appointed pursuant to Section 4.13.

(b) On or prior to the Closing Date, each Purchaser shall deliver or cause to be delivered to the Company the following:

(i) this Agreement duly executed by such Purchaser;

(ii) such Purchaser's Subscription Amount and Note Purchase Amount by wire transfer to the account specified by the Company; and

(iii) the Registration Rights Agreement duly executed by such Purchaser.

2.3 Closing Conditions.

(a) The obligations of the Company hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects when made and on the Closing Date (unless as of a specific date therein) of the representations and warranties of the Purchasers contained herein not already qualified by materiality and the accuracy in all respects when made and on the Closing Date (unless as of a specific date therein) of the representations and warranties of the Purchasers contained herein already qualified by materiality;

(ii) all obligations, covenants and agreements of each Purchaser required to be performed at or prior to the Closing Date shall have been performed;

(iii) the obtaining by the Company of NASDAQ approval of its Listing of Additional Shares Notification for the issuance and sale of the Securities and the listing of the Underlying Shares for trading thereon;

(iv) the obtaining by the Company of all Required Approvals necessary to be obtained at or prior to Closing; and

(v) the delivery by each and every Purchaser of the items set forth in Section 2.2(b) of this Agreement.

(b) The respective obligations of each Purchaser hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects when made and on the Closing Date (unless as of a specific date therein) of the representations and warranties of the Company contained herein not already qualified by materiality and the accuracy in all respects when made and on the Closing Date (unless as of a specific date therein) of the representations and warranties of the Company contained herein already qualified by materiality;

(ii) all obligations, covenants and agreements of the Company and each other Purchaser required to be performed at or prior to the Closing Date shall have been performed;

(iii) the delivery by the Company of the items set forth in Section 2.2(a) of this Agreement;

(iv) receipt by the Purchasers of a certificate signed by the Company's Chief Executive Officer and Chief Financial Officer to the effect that the Company has satisfied in all material respects all of the conditions set forth in this Section 2.3(b);

(v) there shall have been no Material Adverse Effect with respect to the Company since the date hereof;

(vi) the obtaining by the Company of all Required Approvals necessary to be obtained at or prior to Closing; and

(vii) from the date hereof to the Closing Date, trading in the Common Stock shall not have been suspended by the Commission or the Company's principal Trading Market.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company. Except as set forth in the schedules delivered herewith (the "***Disclosure Schedules***," which Disclosure Schedules shall be deemed a part hereof and shall qualify any representation or warranty made herein to the extent of the disclosure contained in the corresponding section of the Disclosure Schedules, the Company hereby makes the following representations and warranties to each Purchaser as of the date hereof and as of Closing Date (except for the representations and warranties that speak as of a specific date, which shall be made as of such date):

(a) Subsidiaries. All of the direct and indirect subsidiaries of the Company are set forth on Schedule 3.1(a). The Company owns, directly or indirectly, all of the capital stock or other equity interests of each Subsidiary free and clear of any Liens other than Permitted Liens, and all of the issued and outstanding shares of capital stock of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities and there are no outstanding options to purchase, or any preemptive rights or other rights to subscribe for or to purchase, any securities or obligations convertible into, or any contracts or commitments to issue or sell, shares of any Subsidiary's capital stock or any such options, rights, convertible securities or obligations.

(b) Organization and Qualification. The Company and each of the Subsidiaries is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation nor default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. Each of the Company and the Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in: (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "***Material Adverse Effect***") and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and each of the other Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and each of the other Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board of Directors or the Company's stockholders in connection herewith or therewith other than in connection with the Required Approvals. The Board has determined that it will recommend to the stockholders that they affirmatively vote in favor of a proposal to approve and authorize, in accordance with NASDAQ rules at a Special Meeting called therefor, the conversion by the Purchasers of the Convertible Notes into shares of Preferred Stock and the issuance by the Company of such shares of Preferred Stock. This Agreement and each other Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) No Conflicts. The execution, delivery and performance by the Company of this Agreement and the other Transaction Documents to which it is a party, the issuance and sale of the Securities and the consummation by it of the transactions contemplated hereby and thereby do not and will not: (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien, except for Permitted Lines, upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than: (i) the filings required pursuant to Section 4.5 of this Agreement, (ii) the filing with the Commission pursuant to the Registration Rights Agreement, (iii) the notice and/or application(s) to each applicable Trading Market for the issuance and sale of the Securities and the listing of the Underlying Shares for trading thereon in the time and manner required thereby, (iv) NASDAQ approval of the Company's Listing of Additional Shares Notification for the issuance and sale of the Securities and the listing of the Underlying Shares for trading thereon;(v) the approval of the Company's stockholders for an issuance of over 20% of the Company's equity as required pursuant to NASDAQ rules, and (vi) and such filings as are required to be made under applicable state securities laws (collectively, the "***Required Approvals***").

(f) Issuance of the Securities. The Securities are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents. The Underlying Shares, when issued in accordance with the terms of the Transaction Documents, will be validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents. The Company has reserved from its duly authorized capital stock a number of shares of Common Stock for issuance of the Underlying Shares at least equal to the Required Minimum on the date hereof.

(g) Capitalization. The capitalization (including both the authorized and issued capital stock) of the Company is as set forth on Schedule 3.1(g). Except as set forth on Schedule 3.1(g), the Company has not issued any capital stock since its most recently filed periodic report under the Exchange Act, other than pursuant to the exercise of employee stock options under the Company's stock option plans, the issuance of shares of Common Stock to employees, consultants, and directors pursuant to the Company's employee stock purchase plans and pursuant to the conversion and/or exercise of Common Stock Equivalents outstanding as of the date of the most recently filed periodic report under the Exchange Act. No Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents. Except as set forth on Schedule 3.1(g) or as a result of the purchase and sale of the Securities, there are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire any shares of Common Stock or other capital stock, or contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional shares of Common Stock or Common Stock Equivalents or other capital stock. The issuance and sale of the Securities will not obligate the Company to issue shares of Common Stock or other securities to any Person (other than the Purchasers) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under any of such securities. All of the outstanding shares of capital stock of the Company are duly authorized, validly issued, fully paid and nonassessable, have been issued in compliance with all federal and state securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. No further approval or authorization of any stockholder, the Board of Directors or others is required for the issuance and sale of the Securities other than the Required Approvals. There are no stockholders agreements, voting agreements or other similar agreements with respect to the Company's capital stock to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's stockholders. There are no bonds, debentures, notes or other indebtedness having general voting rights (or convertible into securities having such rights) of the Company issued and outstanding.

(h) SEC Reports; Financial Statements. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the eighteen months preceding the date hereof (or such shorter period as the Company was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the "***SEC Reports***") on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved ("***GAAP***"), except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

(i) Material Changes; Undisclosed Events, Liabilities or Developments. Except as set forth in Schedule 3.1(i), since the date of the latest audited financial statements included within the SEC Reports, except as specifically disclosed in a subsequent SEC Report filed prior to the date hereof: (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in, either individually or in the aggregate, a Material Adverse Effect, (ii) neither the Company nor any of its Subsidiaries has incurred any liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP or disclosed in filings made with the Commission, (iii) the Company has not altered its method of accounting, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock, (v) the Company has not issued any equity securities to any officer, director or Affiliate, except pursuant to existing Company stock option plans or arrangements, and (vi) there has been no material loss or damage (whether or not insured) to the physical property of the Company or any of its Subsidiaries. The Company does not have pending before the Commission any request for confidential treatment of information. Except for the issuance of the Securities contemplated by this Agreement or as set forth on Schedule 3.1(i), no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to the Company or its Subsidiaries or their respective businesses, properties, operations, assets or financial condition that would be required to be disclosed by the Company under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed at least 1 Trading Day prior to the date that this representation is made.

(j) Litigation. There is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "***Action***"). Neither the Company nor any Subsidiary, nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company. To the Company's knowledge, the Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company or any Subsidiary under the Exchange Act or the Securities Act. Neither the Company nor any of its Subsidiaries is a party or subject to, and none of their respective assets are bound by, the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality which would reasonably be expected to have a Material Adverse Effect.

(k) Labor Relations. Neither the Company nor any of its Subsidiaries is engaged in any unfair labor practice except for matters which would not, individually or in the aggregate, have a Material Adverse Effect. There is (A) no unfair labor practice complaint pending or, to the Company's knowledge, threatened against the Company or any of its Subsidiaries before the National Labor Relations Board, and no grievance or arbitration proceeding arising out of or under collective bargaining agreements is pending or threatened, (B) no strike, labor dispute, slowdown or stoppage pending or, to the Company's knowledge, threatened against the Company or any of its Subsidiaries and (C) no union representation dispute currently existing concerning the employees of the Company or any of its Subsidiaries, and (ii) to the Company's knowledge, (A) no union organizing activities are currently taking place concerning the employees of the Company or any of its Subsidiaries and (B) there has been no violation of any federal, state, local or foreign law relating to discrimination in the hiring, promotion or pay of employees or any applicable wage or hour laws. None of the Company's or its Subsidiaries' employees is a member of a union that relates to such employee's relationship with the Company or such Subsidiary, and neither the Company nor any of its Subsidiaries is a party to a collective bargaining agreement, and the Company and its Subsidiaries believe that their relationships with their employees are good. Except as set forth on Schedule 3.1(k), no executive officer (as defined in Rule 501(f) of the Securities Act) of the Company or any Subsidiary of the Company has notified the Company or any such Subsidiary that such officer intends to leave the Company or any such Subsidiary or otherwise terminate such officer's employment with the Company or any such Subsidiary. To the knowledge of the Company, no executive officer of the Company or any Subsidiary, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all U.S. federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(l) Compliance. Neither the Company nor any Subsidiary: (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any judgment, decree or order of any court, arbitrator or other governmental authority or (iii) is or has been in violation of any statute, rule, ordinance or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety, and employment and labor matters, except in each case as could not have or reasonably be expected to result in a Material Adverse Effect. Without limiting the generality of the foregoing, neither the Company nor any Subsidiary is or has been in violation of the Health Information Technology for Economic and Clinical Health Act, the Health Insurance Portability and Accountability Act ("***HIPAA***"), or any applicable state privacy laws, statutes, rules, ordinances or regulations. To the extent required by law, the Company and its Subsidiaries have entered into HIPAA-compliant business associate agreements with each of its customers and are in compliance with all material terms of such business associate agreements.

(m) Regulatory Permits. The Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as described in the SEC Reports, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect ("***Material Permits***"), and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any Material Permit.

(n) Title to Assets. The Company and the Subsidiaries have good and marketable title in fee simple to all real property owned by them and good and marketable title in all personal property owned by them that is material to the business of the Company and the Subsidiaries, in each case free and clear of all Liens, except for (i) Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries, (ii) Liens for the payment of federal, state or other taxes, for which appropriate reserves have been made therefor in accordance with GAAP and, the payment of which is neither delinquent nor subject to penalties, and (iii) Permitted Liens. Any real property and facilities held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases with which the Company and the Subsidiaries are in compliance, except where the failure to comply could not reasonably be expected to result in a Material Adverse Effect. The Company and each of its Subsidiaries own or lease all such properties as are necessary to its operations as now conducted.

(o) Intellectual Property. The Company and the Subsidiaries have, or have rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights as necessary or required for use in connection with their respective businesses as described in the SEC Reports (collectively, the "***Intellectual Property Rights***"). None of, and neither the Company nor any Subsidiary has received a notice (written or otherwise) that any of, the Intellectual Property Rights has expired, terminated or been abandoned. Neither the Company nor any Subsidiary has received a written notice of a claim that remains unresolved or otherwise has any knowledge that the Intellectual Property Rights violate or infringe upon the rights of any Person. To the knowledge of the Company, all such Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights. The Company and its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties, including trade secrets, proprietary data and other confidential information. To the knowledge of the Company, there has been no unauthorized disclosure of and no employee or other third person has any interest or right to, any of the foregoing, except where failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(p) Insurance. The Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which the Company and the Subsidiaries are engaged, including, but not limited to, directors and officers insurance coverage at least equal to the aggregate Subscription Amount. The Company has provided to the purchasers a correct and complete copy of its directors and officers insurance policy as in effect on the date hereof. Neither the Company nor any Subsidiary has received any notice of cancellation of any insurance described in this paragraph nor has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost.

(q) Transactions With Affiliates and Employees. Except as set forth in the SEC Reports, none of the officers or directors of the Company or any Subsidiary and, to the knowledge of the Company, none of the employees of the Company or any Subsidiary is presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, providing for the borrowing of money from or lending of money to or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee, stockholder, member or partner, in each case in excess of $120,000 per fiscal year other than for: (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of the Company and (iii) other employee benefits, including stock option plans and option agreements under any stock option plan of the Company.

(r) Sarbanes-Oxley; Internal Accounting Controls. The Company and the Subsidiaries are in compliance with any and all applicable requirements of the Sarbanes-Oxley Act of 2002 that are effective as of the date hereof and as of the Closing Date, and any and all applicable rules and regulations promulgated by the Commission thereunder that are effective as of the date hereof and as of the Closing Date. The Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company and the Subsidiaries have established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and the Subsidiaries and designed such disclosure controls and procedures to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. The Company's certifying officers have evaluated the effectiveness of the disclosure controls and procedures of the Company and the Subsidiaries as of the end of the period covered by the most recently filed periodic report under the Exchange Act (such date, the "***Evaluation Date***"). The Company presented in its most recently filed periodic report under the Exchange Act the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no changes in the internal control over financial reporting (as such term is defined in the Exchange Act) of the Company and its Subsidiaries that have materially affected, or is reasonably likely to materially affect, the internal control over financial reporting of the Company and its Subsidiaries.

(s) Certain Fees. Except as set forth on Schedule 3.1(s), no brokerage or finder's fees or commissions are or will be payable by the Company or any Subsidiary to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents. The Purchasers shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by the Transaction Documents.

(t) Private Placement. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, no registration under the Securities Act is required for the offer and sale of the Securities by the Company to the Purchasers as contemplated hereby. The issuance and sale of the Securities hereunder does not contravene the rules and regulations of the Trading Market.

(u) Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Securities, will not be or be an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become an "investment company" subject to registration under the Investment Company Act of 1940, as amended.

(v) Registration Rights. Except as set forth on Schedule 3.1(v), no Person other than each of the Purchasers has any right to cause the Company to effect the registration under the Securities Act of any securities of the Company or any Subsidiary.

(w) Listing and Maintenance Requirements. The Common Stock is registered pursuant to Section 12(b) or 12(g) of the Exchange Act, and the Company has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act nor has the Company received any notification that the Commission is contemplating terminating such registration. The Company has not, in the 12 months preceding the date hereof, received notice from any Trading Market on which the Common Stock is or has been listed or quoted to the effect that the Company is not in compliance with the listing or maintenance requirements of such Trading Market. The Company is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with all such listing and maintenance requirements.

(x) Application of Takeover Protections. The Company and the Board of Directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's certificate of incorporation (or similar charter documents) or the laws of its state of incorporation that is or could become applicable to the Purchasers as a result of the Purchasers and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including without limitation as a result of the Company's issuance of the Securities and the Purchasers' ownership of the Securities.

(y) Disclosure. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, the Company confirms that neither it nor any other Person acting on its behalf has provided any of the Purchasers or their agents or counsel with any information that it believes constitutes or might constitute material, non-public information. The Company understands and confirms that the Purchasers will rely on the foregoing representation in effecting transactions in securities of the Company. All of the disclosure furnished by or on behalf of the Company to the Purchasers regarding the Company and its Subsidiaries, their respective businesses and the transactions contemplated hereby, including the Disclosure Schedules to this Agreement, is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The press releases disseminated by the Company during the twelve months preceding the date of this Agreement taken as a whole do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made and when made, not misleading. The Company acknowledges and agrees that no Purchaser makes or has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3.2 hereof.

(z) No Integrated Offering. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of (i) the Securities Act which would require the registration of any such securities under the Securities Act, or (ii) any applicable shareholder approval provisions of any Trading Market on which any of the securities of the Company are listed or designated.

(aa) Solvency. Based on the consolidated financial condition of the Company as of the Closing Date, after giving effect to the receipt by the Company of the proceeds from the sale of the Securities hereunder: (i) the fair saleable value of the Company's assets exceeds the amount that will be required to be paid on or in respect of the Company's existing debts and other liabilities (including known contingent liabilities) as they mature, (ii) the Company's assets do not constitute unreasonably small capital to carry on its business for the current fiscal year as now conducted and as proposed to be conducted including its capital needs taking into account the particular capital requirements of the business conducted by the Company, consolidated and projected capital requirements and capital availability thereof, and (iii) the current cash flow of the Company, together with the proceeds the Company would receive, were it to liquidate all of its assets, after taking into account all anticipated uses of the cash, would be sufficient to pay all amounts on or in respect of its liabilities when such amounts are required to be paid. The Company does not intend to incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its debt). The Company has no knowledge of any facts or circumstances which lead it to believe that it will file for reorganization or liquidation under the bankruptcy or reorganization laws of any jurisdiction within one year from the Closing Date. Schedule 3.1(aa) sets forth as of the date hereof all outstanding secured and unsecured Indebtedness of the Company or any Subsidiary, or for which the Company or any Subsidiary has commitments. For the purposes of this Agreement, "***Indebtedness***" means (x) any liabilities for borrowed money or amounts owed in excess of $100,000 (other than trade accounts payable incurred in the ordinary course of business), (y) all guaranties, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in the Company's consolidated balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (z) the present value of any lease payments in excess of $100,000 due under leases required to be capitalized in accordance with GAAP. Neither the Company nor any Subsidiary is in default with respect to any Indebtedness.

(bb) Tax Status.

(i) The Company and its Subsidiaries each (i) has filed all material United States federal, state and local and all material foreign Tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid all material amounts of Taxes and other governmental assessments and charges that are due and payable (whether or not shown or determined to be due on such returns, reports and declarations) and (iii) has set aside on its books provision reasonably adequate for the payment of all Taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid Taxes in any material amount claimed to be due by the taxing authority of any jurisdiction. All such Tax returns, reports and declarations were correct and complete in all material respects. None of the Company and its Subsidiaries has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(ii) Each of the Company and its Subsidiaries has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party.

(iii) The Chief Executive Officer and the Chief Financial Officer are responsible for Tax matters of the Company and its Subsidiaries. Neither the Chief Executive Officer nor Chief Financial Officer expects any authority to assess any additional Taxes for any period for which Tax returns have been filed. There is no dispute or claim concerning any Tax liability of any of the Company and its Subsidiaries either (A) claimed or raised by any authority in writing or (B) as to which any of the directors and officers (and employees responsible for Tax matters) of the Company and its Subsidiaries has knowledge based upon personal contact with any agent of such authority.

(iv) None of the Company and its Subsidiaries (A) has been a member of an affiliated group filing a consolidated federal income Tax return (other than an affiliated group the common parent of which was the Company) or (B) has any liability for the Taxes of any person (other than any of the Company and its Subsidiaries) under Treas. Reg. § 1.1502-6 (or any similar provision of state, local, or foreign law), or as a transferee or successor, or by contract, or otherwise.

(cc) No General Solicitation. Neither the Company nor any person acting on behalf of the Company has offered or sold any of the Securities by any form of general solicitation or general advertising. The Company has offered the Securities for sale only to the Purchasers and certain other "accredited investors" within the meaning of Rule 501 under the Securities Act.

(dd) Accountants. The Company's accounting firm is set forth in the SEC Reports. To the knowledge and belief of the Company, such accounting firm: (i) is a registered public accounting firm as required by the Exchange Act and (ii) shall express its opinion with respect to the financial statements to be included in the Company's Annual Report for the fiscal year ending January 31, 2012.

(ee) Seniority. As of the Closing Date, except as set forth on Schedule 3.1(ee), no Indebtedness or other claim against the Company is senior to the Preferred Stock or the Convertible Notes in right of payment, whether with respect to interest or upon liquidation or dissolution, or otherwise, other than indebtedness secured by purchase money security interests (which is senior only as to underlying assets covered thereby) and capital lease obligations (which is senior only as to the property covered thereby).

(ff) No Disagreements with Accountants and Lawyers. There are no disagreements of any kind presently existing, or reasonably anticipated by the Company to arise, between the Company and the accountants and lawyers formerly or presently employed by the Company and the Company is current with respect to any fees owed to its accountants and lawyers which could affect the Company's ability to perform any of its obligations under any of the Transaction Documents.

(gg) Acknowledgment Regarding Purchasers' Purchase of Securities. The Company acknowledges and agrees that each of the Purchasers is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated thereby. The Company further acknowledges that no Purchaser is acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by any Purchaser or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchasers' purchase of the Securities. The Company further represents to each Purchaser that the Company's decision to enter into this Agreement and the other Transaction Documents has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives.

(hh) Regulation M Compliance. The Company has not, and to its knowledge no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company, other than, in the case of clauses (ii) and (iii), compensation paid to the Company's placement agent in connection with the placement of the Securities.

(ii) Stock Option Plans. Each stock option granted by the Company under the Company's stock option plan was granted (i) in accordance with the terms of the Company's stock option plan and (ii) with an exercise price at least equal to the fair market value of the Common Stock on the date such stock option would be considered granted under GAAP and applicable law. No stock option granted under the Company's stock option plan has been backdated. The Company has not knowingly granted, and there is no and has been no Company policy or practice to knowingly grant, stock options prior to, or otherwise knowingly coordinate the grant of stock options with, the release or other public announcement of material information regarding the Company or its Subsidiaries or their financial results or prospects.

(jj) Office of Foreign Assets Control. Neither the Company nor any Subsidiary nor, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company or any Subsidiary is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("***OFAC***"); and the Company will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(kk) U.S. Real Property Holding Corporation. The Company is not and has never been a U.S. real property holding corporation within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended, and the Company shall so certify upon Purchaser's request.

(ll) Bank Holding Company Act. Neither the Company nor any of its Subsidiaries or Affiliates is subject to the Bank Holding Company Act of 1956, as amended (the "***BHCA***") and to regulation by the Board of Governors of the Federal Reserve System (the "***Federal Reserve***"). Neither the Company nor any of its Subsidiaries or Affiliates owns or controls, directly or indirectly, five percent (5%) or more of the outstanding shares of any class of voting securities or twenty-five percent or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its Subsidiaries or Affiliates exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

(mm) Money Laundering. The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, applicable money laundering statutes and applicable rules and regulations thereunder (collectively, the "***Money Laundering Laws***"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company and any Subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of the Company or any Subsidiary, threatened.

(nn) Material Contracts. Each indenture, contract, lease, mortgage, deed of trust, note agreement, loan or other agreement or instrument of a character that is required to be described or summarized in the SEC Reports or to be filed as an exhibit to the SEC Reports under the Exchange Act and the rules and regulations promulgated thereunder (collectively, the "***Material Contracts***") is so described, summarized or filed. The Material Contracts to which the Company or its Subsidiaries are a party have been duly and validly authorized, executed and delivered by the Company or its Subsidiaries, as applicable, and constitute the legal, valid and binding agreements of the Company or its Subsidiaries, as applicable, enforceable by and against the Company or its Subsidiaries, as applicable, in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, or similar laws relating to or affecting the enforcement of creditors' rights.

(oo) Environmental Matters. Neither the Company nor any of its Subsidiaries (i) is in violation of any statute, rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "***Environmental Laws***"), (ii) owns or operates any real property contaminated with any substance that is in violation of any Environmental Laws, (iii) is liable for any off-site disposal or contamination pursuant to any Environmental Laws, or (iv) is subject to any claim relating to any Environmental Laws; which violation, contamination, liability or claim has had or would have, individually or in the aggregate, a Material Adverse Effect; and there is no pending investigation or, to the Company's knowledge, investigation threatened in writing that might lead to such a claim. The Company and each of its Subsidiaries has received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and are in compliance with all terms and conditions of any such permit, license or approval, where the failure to so comply could be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(pp) Off Balance Sheet Arrangements. There is no transaction, arrangement, or other relationship between the Company (or any Subsidiary) and an unconsolidated or other off balance sheet entity that is required to be disclosed by the Company in SEC Reports and is not so disclosed or that otherwise would be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect. There are no such transactions, arrangements or other relationships with the Company that may create contingencies or liabilities that are not otherwise disclosed by the Company in its Exchange Act filings.

(qq) Foreign Corrupt Practices. Neither the Company nor its Subsidiaries, nor to the knowledge of the Company, any director, officer, agent, employee or other person acting on behalf of the Company or its Subsidiaries has, in the course of its actions for, or on behalf of, the Company or any of its Subsidiaries (a) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity, (b) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds, (c) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended or (d) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

(rr) ERISA. The Company and its Subsidiaries are in compliance in all material respects with all presently applicable provisions of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder (herein called "***ERISA***"); no "reportable event" (as defined in ERISA) has occurred with respect to any "pension plan" (as defined in ERISA) for which the Company or any of its Subsidiaries would have any liability; the Company has not incurred and does not expect to incur liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "pension plan"; or (ii) Sections 412 or 4971 of the Internal Revenue Code of 1986, as amended, including the regulations and published interpretations thereunder (the "***Code***"); and each "Pension Plan" for which the Company would have liability that is intended to be qualified under Section 401(a) of the Code is so qualified in all material respects and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification.

3.2 Representations and Warranties of the Purchasers. Each Purchaser, for itself and for no other Purchaser, hereby represents and warrants as of the date hereof and as of the Closing Date to the Company as follows (unless as of a specific date therein):

(a) Organization; Authority. Such Purchaser is either an individual or an entity duly incorporated or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation with full right, corporate, partnership, limited liability company or similar power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by such Purchaser of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate, partnership, limited liability company or similar action, as applicable, on the part of such Purchaser. Each Transaction Document to which it is a party has been duly executed by such Purchaser, and when delivered by such Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of such Purchaser, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Own Account. Such Purchaser understands that the Securities are "restricted securities" and have not been registered under the Securities Act or any applicable state securities law and is acquiring the Securities as principal for its own account and not with a view to or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of such Securities in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities in violation of the Securities Act or any applicable state securities law (this representation and warranty not limiting such Purchaser's right to sell the Securities pursuant to the Registration Statement or otherwise in compliance with applicable federal and state securities laws). Such Purchaser is acquiring the Securities hereunder in the ordinary course of its business.

(c) Purchaser Status. At the time such Purchaser was offered the Securities, it was, and as of the date hereof it is, and on each date on which it exercises any Warrants or converts any shares of Preferred Stock, it will be an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act. Such Purchaser is not required to be registered as a broker-dealer under Section 15 of the Exchange Act.

(d) Experience of Such Purchaser. Such Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. Such Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(e) General Solicitation. Such Purchaser is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(f) Certain Transactions and Confidentiality. Other than consummating the transactions contemplated hereunder, such Purchaser has not directly or indirectly, nor has any Person acting on behalf of or pursuant to any understanding with such Purchaser, directly or indirectly, executed any purchases or sales, including Short Sales, of the securities of the Company. Other than to other Persons party to this Agreement, such Purchaser has maintained the confidentiality of all disclosures made to it in connection with this transaction (including the existence and terms of this transaction).

The Company acknowledges and agrees that the representations contained in Section 3.2 shall not modify, amend or affect such Purchaser's right to rely on the Company's representations and warranties contained in this Agreement or any representations and warranties contained in any other Transaction Document or any other document or instrument executed and/or delivered in connection with this Agreement or the consummation of the transaction contemplated hereby.

ARTICLE IV.
OTHER AGREEMENTS OF THE PARTIES

4.1 Transfer Restrictions.

(a) The Securities may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of Securities other than pursuant to an effective registration statement or Rule 144, to the Company or to an Affiliate of a Purchaser, the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement and the Registration Rights Agreement and shall have the rights and obligations of a Purchaser under this Agreement and the Registration Rights Agreement.

(b) The Purchasers agree to the imprinting, so long as is required by this Section 4.1, of a legend on any of the Securities in the following form:

[NEITHER] THIS SECURITY [NOR THE SECURITIES INTO WHICH THIS SECURITY IS [EXERCISABLE] [CONVERTIBLE] HAS [NOT] BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

(c) Certificates evidencing the Underlying Shares shall not contain any legend (including the legend set forth in Section 4.1(b) hereof): (i) while a registration statement (including the Registration Statement) covering the resale of such security is effective under the Securities Act, (ii) following any sale of such Underlying Shares pursuant to Rule 144, (iii) if such Underlying Shares are eligible for sale under Rule 144, without the requirement for the Company to be in compliance with the current public information required under Rule 144 as to such Underlying Shares and without volume or manner-of-sale restrictions or (iv) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission). The Company shall cause its counsel to issue a legal opinion to the Transfer Agent promptly after the Effective Date if required by the Transfer Agent to effect the removal of the legend hereunder. If all or any shares of Preferred Stock are converted or any portion of a Warrant is exercised at a time when there is an effective registration statement to cover the resale of the Underlying Shares, or if such Underlying Shares may be sold under Rule 144 and the Company is then in compliance with the current public information required under Rule 144, or if the Underlying Shares may be sold under Rule 144 without the requirement for the Company to be in compliance with the current public information required under Rule 144 as to such Underlying Shares and without volume or manner-of-sale restrictions or if such legend is not otherwise required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission) then such Underlying Shares shall be issued free of all legends. The Company agrees that following the Effective Date or at such time as such legend is no longer required under this Section 4.1(c), it will, no later than three Trading Days following the delivery by a Purchaser to the Company or the Transfer Agent of a certificate representing Underlying Shares, as applicable, issued with a restrictive legend (such third Trading Day, the "***Legend Removal Date***"), deliver or cause to be delivered to such Purchaser a certificate representing such shares that is free from all restrictive and other legends. The Company may not make any notation on its records or give instructions to the Transfer Agent that enlarge the restrictions on transfer set forth in this Section 4. Certificates for Underlying Shares subject to legend removal hereunder may be transmitted by the Transfer Agent to the Purchaser by crediting the account of the Purchaser's prime broker with the Depository Trust Company System as directed by such Purchaser. The Company acknowledges that the remedy at law for a breach of its obligations under this Section 4.1(c) may be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section 4.1(c) with respect to any Purchaser, the Purchaser shall be entitled, in addition to all other available remedies, to an order and/or injunction restraining any breach and requiring immediate issuance and transfer, without the necessity of showing economic loss and without any bond or other security being required.

(d) Each Purchaser, severally and not jointly with the other Purchasers, agrees with the Company that such Purchaser will sell any Securities pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom, and that if Securities are sold pursuant to a Registration Statement, they will be sold in compliance with the plan of distribution set forth therein, and acknowledges that the removal of the restrictive legend from certificates representing Securities as set forth in this Section 4.1 is predicated upon the Company's reliance upon this understanding.

4.2 Acknowledgment of Dilution. The Company acknowledges that the issuance of the Securities may result in dilution of the outstanding shares of Common Stock. The Company further acknowledges that its obligations under the Transaction Documents, including, without limitation, its obligation to issue the Underlying Shares pursuant to the Transaction Documents, are unconditional and absolute and not subject to any right of set off, counterclaim, delay or reduction, regardless of the effect of any such dilution or any claim the Company may have against any Purchaser and regardless of the dilutive effect that such issuance may have on the ownership of the other stockholders of the Company.

4.3 Furnishing of Public Information. The Company shall timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the Exchange Act.

4.4 Integration. The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the registration under the Securities Act of the sale of the Securities or that would be integrated with the offer or sale of the Securities for purposes of the rules and regulations of any Trading Market such that it would require shareholder approval prior to the closing of such other transaction unless shareholder approval is obtained before the closing of such subsequent transaction.

4.5 Securities Laws Disclosure; Publicity. The Company shall (a) on or before the fourth Trading Day immediately following the date hereof, issue a press release disclosing the material terms of the transactions contemplated hereby and (b) file a Current Report on Form 8-K with the Commission within the time required by the Exchange Act. The Company and each Purchaser shall consult with each other in issuing any other press releases with respect to the transactions contemplated hereby, and neither the Company nor any Purchaser shall issue any such press release nor otherwise make any such public statement without the prior consent of the Company, with respect to any press release of any Purchaser, or without the prior consent of each Purchaser, with respect to any press release of the Company, which consent shall not unreasonably be withheld or delayed, except if such disclosure is required by law, in which case the disclosing party shall promptly provide the other party with prior notice of such public statement or communication. Notwithstanding the foregoing, the Company shall not publicly disclose the name of any Purchaser, or include the name of any Purchaser in any filing with the Commission or any regulatory agency or Trading Market, without the prior written consent of such Purchaser, except: (x) as required by federal securities law in connection with (i) any registration statement contemplated by the Registration Rights Agreement and (ii) the filing of final Transaction Documents with the Commission and (y) to the extent such disclosure is required by law or Trading Market regulations, in which case the Company shall provide the Purchasers with prior notice of such disclosure permitted under this clause (y).

4.6 Shareholder Rights Plan. No claim will be made or enforced by the Company or, with the consent of the Company, any other Person, that any Purchaser is an "***Acquiring Person***" under any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or similar anti-takeover plan or arrangement in effect or hereafter adopted by the Company, or that any Purchaser could be deemed to trigger the provisions of any such plan or arrangement, by virtue of receiving Securities under the Transaction Documents or under any other agreement between the Company and the Purchasers.

4.7 Use of Proceeds. The Company shall use the net proceeds from the sale of the Securities hereunder for general corporate purposes.

4.8 Indemnification of Purchasers. Subject to the provisions of this Section 4.8, the Company will indemnify and hold each Purchaser and its directors, officers, shareholders, members, partners, employees and agents (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls such Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, shareholders, agents, members, partners or employees (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling persons (each, a "***Purchaser Party***") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation that any such Purchaser Party may suffer or incur as a result of or relating to (a) any breach of any of the representations, warranties, covenants or agreements made by the Company in this Agreement or in the other Transaction Documents or (b) any action instituted against the Purchaser Parties in any capacity, or any of them or their respective Affiliates, by any stockholder of the Company who is not an Affiliate of such Purchaser Party, with respect to any of the transactions contemplated by the Transaction Documents (unless such action is based upon a breach of such Purchaser Party's representations, warranties or covenants under the Transaction Documents or any agreements or understandings such Purchaser Party may have with any such stockholder or any violations by such Purchaser Party of state or federal securities laws or any conduct by such Purchaser Party which constitutes fraud, gross negligence, willful misconduct or malfeasance). If any action shall be brought against any Purchaser Party in respect of which indemnity may be sought pursuant to this Agreement, such Purchaser Party shall promptly notify the Company in writing, and the Company shall have the right to assume the defense thereof with counsel of its own choosing reasonably acceptable to such Purchaser Party, provided that the Company shall not agree to any settlement which may directly or indirectly adversely impact such Purchaser Party without the prior written consent of such Purchaser Party (which consent shall not be unreasonably withheld, conditioned or delayed). Any Purchaser Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Purchaser Party except to the extent that (i) the employment thereof has been specifically authorized by the Company in writing, (ii) the Company has failed after a reasonable period of time to assume such defense and to employ counsel or (iii) in such action there is, in the reasonable opinion of such Purchaser Party's counsel, a material conflict on any material issue between the position of the Company and the position of such Purchaser Party, in which case the Company shall be responsible for the reasonable fees and expenses of no more than one such separate counsel. The Company will not be liable to any Purchaser Party under this Agreement (y) for any settlement by a Purchaser Party effected without the Company's prior written consent, which shall not be unreasonably withheld or delayed; or (z) to the extent, but only to the extent that a loss, claim, damage or liability is attributable to any Purchaser Party's breach of any of the representations, warranties, covenants or agreements made by such Purchaser Party in this Agreement or in the other Transaction Documents. The indemnification required by this Section 4.8 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or are incurred. The indemnity agreements contained herein shall be in addition to any cause of action or similar right of any Purchaser Party against the Company or others and any liabilities the Company may be subject to pursuant to law.

4.9 Reservation and Listing of Securities.

(a) The Company shall maintain a reserve from its duly authorized shares of Common Stock and Preferred Stock for issuance pursuant to the Transaction Documents in such amount as may then be required to fulfill its obligations in full under the Transaction Documents.

(b) If, on any date, the number of authorized but unissued (and otherwise unreserved) shares of Common Stock is less than 100% of (i) the Required Minimum on such date, minus (ii) the number of shares of Common Stock previously issued pursuant to the Transaction Documents, then the Board of Directors shall use commercially reasonable efforts to amend the Company's certificate or articles of incorporation to increase the number of authorized but unissued shares of Common Stock to at least the Required Minimum at such time (minus the number of shares of Common Stock previously issued pursuant to the Transaction Documents), as soon as possible; provided that the Company will not be required at any time to authorize a number of shares of unissued Common Stock greater than the maximum remaining number of shares of Common Stock that could possibly be issued after such time pursuant to the Transaction Documents.

(c) The Company shall, if applicable: (i) in the time and manner required by the principal Trading Market, prepare and file with such Trading Market an additional shares listing application covering a number of shares of Common Stock at least equal to the Required Minimum on the date of such application, (ii) take all steps necessary to cause such shares of Common Stock to be approved for listing or quotation on such Trading Market as soon as possible thereafter, (iii) provide to the Purchasers evidence of such listing or quotation and (iv) maintain the listing or quotation of such Common Stock on any date at least equal to the Required Minimum on such date on such Trading Market or another Trading Market.

4.10 Subsequent Equity Sales.

(a) Except as set forth on Schedule 4.10, from the date hereof until the Effective Date, neither the Company nor any Subsidiary shall issue, enter into any agreement to issue or announce the issuance or proposed issuance of any debt securities or shares of Common Stock or Common Stock Equivalents without the prior written consent of the Required Purchasers.

(b) From the date hereof until such time as no shares of Preferred Stock and no Convertible Notes are outstanding, neither the Company nor any Subsidiary shall issue, enter into any agreement to issue, or announce the issuance or proposed issuance of any debt or equity securities, or other Common Stock Equivalents that are senior in right to the Preferred Stock or the Convertible Notes without the prior written consent of the Required Purchasers.

(c) From the date hereof through such time as the stockholders of the Company have approved the proposal described in Section 4.14, neither the Company nor any Subsidiary shall issue, enter into any agreement to issue or announce the issuance or proposed issuance of any shares of Common Stock or Common Stock Equivalents at an issuance price below the then-effective Exercise Price, as such term is used and defined in the Warrants, unless each holder of a Warrant has waived in writing application of the anti-dilution provisions set forth in Section 3 of the Warrant.

4.11 Certain Transactions and Confidentiality. Each Purchaser, severally and not jointly with the other Purchasers, covenants that neither it, nor any Affiliate acting on its behalf or pursuant to any understanding with it will execute any purchases or sales, including Short Sales, of any of the Company's securities during the period commencing with the execution of this Agreement and ending on the public announcement set forth in Section 4.5. Each Purchaser, severally and not jointly with the other Purchasers, covenants that until such time as the transactions contemplated by this Agreement are publicly disclosed by the Company pursuant to the initial press release as described in Section 4.5, such Purchaser will maintain the confidentiality of the existence and terms of this transaction and the information included in the Transaction Documents and the Disclosure Schedules.

4.12 Capital Changes. Until the one year anniversary of the Closing Date, the Company shall not undertake a reverse or forward stock split or reclassification of the Common Stock without the prior written consent of the Required Purchasers.

4.13 Board Nominations; Observation Rights.

(a) On or prior to the Closing, the Board shall adopt resolutions increasing the size of the Board to nine members. At the Closing, the Board shall appoint one individual nominated by GPP and one individual nominated by NMP, each such nominee to be reasonably satisfactory to the Board, to fill the newly created seats and serve as members of the Board until the next annual meeting of stockholders of the Company. Such nominees will include (i) an industry executive, and (ii) an individual qualified to serve on the Audit Committee of the Board. Such nominees may or may not be Affiliates or employees of Purchasers, although it is the understanding of the parties that GPP intends to nominate an individual who is not an Affiliate of GPP, shall not be deputized to, and shall not, represent GPP on or to the Board, shall not function as a director on behalf of GPP, shall not seek to promote, protect or consult with GPP in regard to any interest particular to GPP or provide any benefit particular to GPP, shall not be influenced or controlled by or under the influence or control of GPP as a result of any relationship with GPP or otherwise, shall not share material non-public, proprietary or confidential information concerning the Company with GPP and shall in all ways discharge such nominee's responsibilities as a member of the Board and otherwise contribute to the functioning of the Board independently of GPP. Effective in time for the next annual meeting of stockholders of the Company following the Closing, the Board shall adopt resolutions decreasing the size of the Board to seven members and shall nominate seven candidates to serve as directors that shall include (x) the Chief Executive Officer of the Company, and (y) the two Purchaser nominees.

(b) The Board shall continue to nominate the director candidate specified by each of GPP and NMP pursuant to clause (a) above to serve as a director of the Company at each annual meeting of stockholders of the Company; *provided*, *however*, that the Company's obligation to nominate such a candidate does not guarantee that such candidate will be elected by the stockholders and the Company shall have no obligation to guarantee such election. In the event that any director candidate specified by GPP or NMP, as the case may be, is not so elected, or if GPP or NMP, as the case may be, elects to have board observation rights in lieu of having the right to nominate a director for election to the Board, then such individual shall have observation rights on the terms set forth in clause (c) below, it being understood, that in the case of GPP, such individual having observation rights pursuant to this clause (b) shall be in addition to any representative of GPP acting as an observer pursuant to clause (c) below. At such time as the Common Stock ownership percentage (on an as-issued and fully diluted basis) of either GPP or NMP falls below 7.5% of the issued and outstanding shares of Common Stock (on a fully diluted basis), then the Company shall no longer have the obligation to nominate a director candidate put forth by such Purchaser.

(c) Notwithstanding the foregoing, for so long as GPP is entitled to nominate a director pursuant to clause (a) above, one representative of GPP (in addition to any individual having observation rights under clause (b) above), reasonably acceptable to the Board, shall have the right to attend all meetings of the Board in a non-voting capacity, and shall receive the same notice of such meetings, and all information and materials that are distributed to the members of the Board. The Company will reimburse such observer for reasonable out-of-pocket costs incurred traveling to and from such meetings in accordance with the policies applicable to reimbursement of director expenses. The Board shall have the right to exclude the GPP observer from any meetings of the Board or from receiving any information and materials (or the relevant portions thereof) to the extent that the Board or the Company's legal counsel determines that such exclusion is necessary or desirable to avoid a potential or perceived conflict of interest or to protect attorney-client privilege.

4.14 Stockholder Approval. The Company shall (a) as promptly as possible following the date hereof (but not later than thirty (30) days following the Closing), call a special meeting of stockholders of the Company (a "***Special Meeting***") for the purpose of approving and authorizing, in accordance with NASDAQ rules, the terms of the Transaction Documents, including the conversion by the Purchasers of the Convertible Notes into shares of Preferred Stock, the issuance by the Company of such shares of Preferred Stock, and the anti-dilution provisions of the Warrants (the "***Proposal***"); (b) as promptly as possible following the date hereof (but not later than thirty (30) days following the Closing), file with the Commission a preliminary proxy statement, which shall have previously been provided to the Purchasers for their review, soliciting stockholders' affirmative vote in favor of the Proposal; (c) use commercially reasonable efforts to solicit its stockholders' affirmative approval of such Proposal and to cause the Board to recommend and continue recommending to the stockholders that they approve such Proposal; (d) use commercially reasonable efforts to respond to any comments of the Commission or its staff with respect thereto; (e) cause a definitive proxy statement relating to the Special Meeting to be filed with the Commission and mailed to the Company's stockholders as soon as possible; (f) hold the Special Meeting as soon as possible following the mailing of the definitive proxy statement; (g) if the stockholders of the Company do not approve such Proposal authorizing such conversion and issuance at such Special Meeting, use commercially reasonably efforts to hold a second Special Meeting to authorize and approve the same as soon as reasonably practicable and to enter into new Voting Agreements with those stockholders whose Voting Agreements will have expired by such second Special Meeting; and (h) enforce the provisions of each of the Voting Agreements and the Company's rights thereunder. In addition, the Company shall not agree to any amendment or waiver of any provision of any Voting Agreement without the prior written consent of the Required Purchasers. Purchasers shall not have the right to vote the Preferred Stock at any Special Meeting to approve the Proposal.

4.15 Form D; Blue Sky. The Company agrees to timely file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof to the Purchasers (provided that the posting of the Form D on the SEC's EDGAR system shall be deemed delivery of the Form D for purposes of this Agreement). The Company, on or before the Closing, shall take such action as the Company shall reasonably determine is necessary, if any, in order to obtain an exemption for or to qualify the Securities for sale to the Purchasers under applicable securities or "Blue Sky" laws of the states of the United States (or to obtain an exemption from such qualification) and shall provide evidence of such actions promptly to the Purchasers.

4.16 Pledges. The Company acknowledges and agrees that any Purchaser may from time to time pledge, and/or grant a security interest in, some or all of the Securities in connection with applicable securities laws, pursuant to a bona fide margin agreement in compliance with a bona fide margin loan. Such a pledge would not be subject to approval or consent of the Company and no legal opinion of legal counsel to the pledgee, secured party or pledgor shall be required in connection with the pledge, but such legal opinion shall be required in connection with a subsequent transfer or foreclosure following default by the Purchaser transferee of the pledge. No notice shall be required of such pledge, but any Purchaser's transferee shall promptly notify the Company of any such subsequent transfer or foreclosure. Each Purchaser acknowledges that the Company shall not be responsible for any pledges relating to, or the grant of any security interest in, any of the Securities or for any agreement, understanding or arrangement between such Purchaser and its pledgee or secured party. At the Purchaser's expense, the Company will execute and deliver such reasonable documentation as a pledgee or secured party of Securities may reasonably request in connection with a pledge or transfer of the Securities, including the preparation and filing of any required prospectus supplement to any registration statement filed pursuant to the Registration Rights Agreement under Rule 424(b)(3) of the Securities Act or other applicable provision of the Securities Act to appropriately amend the list of selling stockholders thereunder.

ARTICLE V.
MISCELLANEOUS

5.1 Fees and Expenses. Except as expressly set forth in the Transaction Documents to the contrary, each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Company shall pay all Transfer Agent fees (including, without limitation, any fees required for same-day processing of any instruction letter delivered by the Company), stamp Taxes and other Taxes (and related Tax return and filing costs) and duties levied in connection with the delivery of any Securities to the Purchasers. The Company agrees to reimburse the Purchasers for all actual and reasonable legal fees, consulting expenses, and general expenses related to its due diligence and the negotiation of the Transaction Documents, whether or not the Closing occurs; *provided*, that such expenses shall not exceed $125,000, with the fees and expenses of GPP to be reimbursed first prior to any balance from such $125,000 being available for the reimbursement of fees and expenses of NMP.

5.2 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.3 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto at or prior to 5:30 p.m. Eastern on a Trading Day, (b) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto on a day that is not a Trading Day or later than 5:30 p.m. Eastern on any Trading Day, (c) the second (2nd) Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

5.4 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company and the Required Purchasers or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

5.5 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of each Purchaser. Any Purchaser may assign this Agreement or any rights or obligations hereunder to any funds or accounts managed by such Purchaser. In addition, any Purchaser may assign any or all of its rights under this Agreement to any Person to whom such Purchaser assigns or transfers any Securities, provided that such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Purchasers."

5.7 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.8.

5.8 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in Delaware. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in Delaware for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

5.9 Survival. The representations and warranties contained herein shall survive the Closing and the delivery of the Securities.

5.10 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

5.11 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.12 Rescission and Withdrawal Right. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) any of the other Transaction Documents, whenever any Purchaser exercises a right, election, demand or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then such Purchaser may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights; *provided, however*, that in the case of a rescission of a conversion of the Preferred Stock or exercise of a Warrant, the applicable Purchaser shall be required to return any shares of Common Stock subject to any such rescinded conversion or exercise notice concurrently with the return to such Purchaser of the aggregate exercise price paid to the Company for such shares and the restoration of such Purchaser's right to acquire such shares pursuant to such Purchaser's Warrant (including, issuance of a replacement warrant certificate evidencing such restored right).

5.13 Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

5.14 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Purchasers and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agree to waive and not to assert in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

5.15 Payment Set Aside. To the extent that the Company makes a payment or payments to any Purchaser pursuant to any Transaction Document or a Purchaser enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other Person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

5.16 Independent Nature of Purchasers' Obligations and Rights. The obligations of each Purchaser under any Transaction Document are several and not joint with the obligations of any other Purchaser, and no Purchaser shall be responsible in any way for the performance or non-performance of the obligations of any other Purchaser under any Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Purchaser pursuant hereto or thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Purchaser shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose. Each Purchaser has been represented by its own separate legal counsel in its review and negotiation of the Transaction Documents. The Company has elected to provide all Purchasers with the same terms and Transaction Documents for the convenience of the Company and not because it was required or requested to do so by any of the Purchasers.

5.17 Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

5.18 Construction. The parties agree that each of them and/or their respective counsel have reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments thereto. In addition, each and every reference to share prices and shares of Common Stock in any Transaction Document shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement.

5.19 WAIVER OF JURY TRIAL. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.

5.20 Public Announcements. Except as may be required by law or regulation, the Company shall not use the name of, or make reference to, any Purchaser or any of its affiliates in any press release or in any public manner (including any reports or filings made by the Company under the Exchange Act) without such Purchaser's prior written consent, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, the initial press release and any public statements with respect to the execution of this Agreement shall be approved by the Company and the Purchasers, provided that the approval of the Purchasers shall not be unreasonably withheld, and thereafter, so long as this Agreement is in effect, the Company and the Purchasers shall consult with each other before issuing any press release or otherwise making any public statements with respect to this Agreement or the transactions contemplated hereunder without the prior consent of the other parties, which consent shall not be unreasonably withheld; provided, however, that the Company, on the one hand, and the Purchasers, on the other hand, may, without the prior consent of the other party, issue a press release or make such public statement as may, upon the advice of counsel, be required by law if it has used all reasonable efforts to consult with the other party.

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

STREAMLINE HEALTH SOLUTIONS, INC.

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

Address for Notice

1230 Peachtree Street NE, Suite 1000
Atlanta, GA 30309
Attention: Chief Financial Officer
Fax: (513) 672-9217

With a copy to (which shall not constitute notice):

Benesch Friedlander Coplan & Aronoff LLP
200 Public Square, Suite 2300
Cleveland, Ohio 44145
Attention: John S. Gambaccini
Fax: (216) 363-4588

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

SIGNATURE PAGES FOR PURCHASERS FOLLOW]

[PURCHASER SIGNATURE PAGES TO SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has caused this Securities Purchase Agreement to be duly executed by it authorized signatory as of the date first indicated above.

BIOMEDICAL VALUE FUND, L.P.
By: Great Point Partners, LLC, its investment manager

By: /s/ David Kroin
Name: David Kroin
Title: Managing Director

Address for Notice

165 Mason Street, 3rd Floor
Greenwich, CT 06830
Attention: Managing Director
Fax: (203) 971-3320

With a copy to (which shall not constitute notice):

Morrison Cohen LLP
909 Third Avenue
New York, NY 10022
Attention: David A. Scherl
Fax: (212) 735-8708

Subscription Amount: $2,212,602.57

Shares of Preferred Stock: 445,614

Note Purchase Amount: $875,756.86 (to be issued in the principal amount of $1,050,908.23)

Warrant Shares: 221,260

[SIGNATURE PAGES CONTINUE]

[PURCHASER SIGNATURE PAGES TO SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has caused this Securities Purchase Agreement to be duly executed by it authorized signatory as of the date first indicated above.

BIOMEDICAL INSTITUTIONAL VALUE FUND, L.P.
By: Great Point Partners, LLC, its investment manager

By: /s/ David Kroin
Name: David Kroin
Title: Managing Director

Address for Notice

165 Mason Street, 3rd Floor
Greenwich, CT 06830
Attention: Managing Director
Fax: (203) 971-3320

With a copy to (which shall not constitute notice):

Morrison Cohen LLP
909 Third Avenue
New York, NY 10022
Attention: David A. Scherl
Fax: (212) 735-8708

Subscription Amount: $851,835.73

Shares of Preferred Stock: 171,559

Note Purchase Amount: $337,159.96 (to be issued in the principal amount of $404,591.95)

Warrant Shares: 85,184

[SIGNATURE PAGES CONTINUE]

[PURCHASER SIGNATURE PAGES TO SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has caused this Securities Purchase Agreement to be duly executed by it authorized signatory as of the date first indicated above.

BIOMEDICAL OFFSHORE VALUE FUND, LTD.
By: Great Point Partners, LLC, its investment manager

By: /s/ David Kroin
Name: David Kroin
Title: Managing Director

Address for Notice

165 Mason Street, 3rd Floor
Greenwich, CT 06830
Attention: Managing Director
Fax: (203) 971-3320

With a copy to (which shall not constitute notice):

Morrison Cohen LLP
909 Third Avenue
New York, NY 10022
Attention: David A. Scherl
Fax: (212) 735-8708

Subscription Amount: $1,387,807.54

Shares of Preferred Stock: 279,502

Note Purchase Amount: $549,299.72 (to be issued in the principal amount of $659,159.67)

Warrant Shares: 138,781

[SIGNATURE PAGES CONTINUE]

[PURCHASER SIGNATURE PAGES TO SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has caused this Securities Purchase Agreement to be duly executed by it authorized signatory as of the date first indicated above.

WS INVESTMENTS III, LLC
By: Great Point Partners, LLC, its investment manager

By: /s/ David Kroin
Name: David Kroin
Title: Managing Director

Address for Notice

165 Mason Street, 3rd Floor
Greenwich, CT 06830
Attention: Managing Director
Fax: (203) 971-3320

With a copy to (which shall not constitute notice):

Morrison Cohen LLP
909 Third Avenue
New York, NY 10022
Attention: David A. Scherl
Fax: (212) 735-8708

Subscription Amount: $207,503.65

Shares of Preferred Stock: 41,791

Note Purchase Amount: $82,130.77 (to be issued in the principal amount of $98,556.92)

Warrant Shares: 20,750

[SIGNATURE PAGES CONTINUE]

[PURCHASER SIGNATURE PAGES TO SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has caused this Securities Purchase Agreement to be duly executed by it authorized signatory as of the date first indicated above.

DAVID J. MORRISON
By: Great Point Partners, LLC, his investment manager

By: /s/ David Kroin
Name: David Kroin
Title: Managing Director

Address for Notice

165 Mason Street, 3rd Floor
Greenwich, CT 06830
Attention: Managing Director
Fax: (203) 971-3320

With a copy to (which shall not constitute notice):

Morrison Cohen LLP
909 Third Avenue
New York, NY 10022
Attention: David A. Scherl
Fax: (212) 735-8708

Subscription Amount: $51,875.91

Shares of Preferred Stock: 10,448

Note Purchase Amount: $20,532.69 (to be issued in the principal amount of $24,639.23)

Warrant Shares: 5,188

[SIGNATURE PAGES CONTINUE]

[PURCHASER SIGNATURE PAGES TO SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has caused this Securities Purchase Agreement to be duly executed by it authorized signatory as of the date first indicated above.

CLASS D SERIES OF GEF-PS, L.P.
By: Great Point Partners, LLC, its investment manager

By: /s/ David Kroin
Name: David Kroin
Title: Managing Director

Address for Notice

165 Mason Street, 3rd Floor
Greenwich, CT 06830
Attention: Managing Director
Fax: (203) 971-3320

With a copy to (which shall not constitute notice):

Morrison Cohen LLP
909 Third Avenue
New York, NY 10022
Attention: David A. Scherl
Fax: (212) 735-8708

Subscription Amount: $1,296,897.80

Shares of Preferred Stock: 261,194

Note Purchase Amount: $513,317.29 (to be issued in the principal amount of $615,980.74)

Warrant Shares: 129,690

[SIGNATURE PAGES CONTINUE]

[PURCHASER SIGNATURE PAGES TO SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has caused this Securities Purchase Agreement to be duly executed by it authorized signatory as of the date first indicated above.

LYRICAL MULTI-MANAGER FUND, L.P.
By: Great Point Partners, LLC, its investment manager

By: /s/ David Kroin
Name: David Kroin
Title: Managing Director

Address for Notice

165 Mason Street, 3rd Floor
Greenwich, CT 06830
Attention: Managing Director
Fax: (203) 971-3320

With a copy to (which shall not constitute notice):

Morrison Cohen LLP
909 Third Avenue
New York, NY 10022
Attention: David A. Scherl
Fax: (212) 735-8708

Subscription Amount: $694,033.76

Shares of Preferred Stock: 139,778

Note Purchase Amount: $274,701.31 (to be issued in the principal amount of $329,641.57)

Warrant Shares: 69,403

[SIGNATURE PAGES CONTINUE]

[PURCHASER SIGNATURE PAGES TO SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has caused this Securities Purchase Agreement to be duly executed by it authorized signatory as of the date first indicated above.

LYRICAL MULTI-MANAGER OFFSHORE FUND, LTD.
By: Great Point Partners, LLC, its investment manager

By: /s/ David Kroin
Name: David Kroin
Title: Managing Director

Address for Notice

165 Mason Street, 3rd Floor
Greenwich, CT 06830
Attention: Managing Director
Fax: (203) 971-3320

With a copy to (which shall not constitute notice):

Morrison Cohen LLP
909 Third Avenue
New York, NY 10022
Attention: David A. Scherl
Fax: (212) 735-8708

Subscription Amount: $297,443.04

Shares of Preferred Stock: 59,905

Note Purchase Amount: $117,729.13 (to be issued in the principal amount of $141,274.96)

Warrant Shares: 29,744

[SIGNATURE PAGES CONTINUE]

[PURCHASER SIGNATURE PAGES TO SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has caused this Securities Purchase Agreement to be duly executed by it authorized signatory as of the date first indicated above.

NORO-MOSELEY PARTNERS VI, L.P.
By: Moseley and Company VI, LLC, its general partner

By: /s/ Allen S. Moseley

Name: Allen S. Moseley

Title: Class A Member

Address for Notice

4200 Northside Parkway, N.W.
Building 9
Atlanta, GA 30327
Attention: General Partner
Fax: (404) 995-4800

With a copy to (which shall not constitute notice):

Jones Day
1420 Peachtree Street, NE
Suite 800
Atlanta, GA 30309
Attention: David Phillips
Fax: (404) 581-8330

Subscription Amount: $4,900,000

Shares of Preferred Stock: 986,854

Note Purchase Amount: $1,939,439.41 (to be issued in the principal amount of $2,327,327.29)

Warrant Shares: 490,000

[SIGNATURE PAGES CONTINUE]

[PURCHASER SIGNATURE PAGES TO SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has caused this Securities Purchase Agreement to be duly executed by it authorized signatory as of the date first indicated above.

/s/ Charles Moseley
Name: Charles Moseley

Address for Notice

4200 Northside Parkway, N.W.
Building 9
Atlanta, GA 30327
Attention: General Partner
Fax: (404) 995-4800

With a copy to (which shall not constitute notice):

Jones Day
1420 Peachtree Street, NE
Suite 800
Atlanta, GA 30309
Attention: David Phillips
Fax: (404) 581-8330

Subscription Amount: $100,000

Shares of Preferred Stock: 20,140

Note Purchase Amount: $39,580.40 (to be issued in the principal amount of $47,496.48)

Warrant Shares: 10,000

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "***SECURITIES ACT***"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

THE RIGHTS OF THE HOLDER HEREUNDER ARE SUBJECT TO THE TERMS AND CONDITIONS OF THE SUBORDINATION AGREEMENT DATED AS OF AUGUST 16, 2012 AMONG FIFTH THIRD BANK, THE COMPANY AND THE ORIGINAL HOLDER (AS AMENDED, SUPPLEMENTED OR MODIFIED FROM TIME TO TIME, THE "***SUBORDINATION AGREEMENT***") AND PAYMENT OF ANY AMOUNT TO THE HOLDER HEREUNDER IS EXPRESSLY SUBORDINATE TO THE PRIOR PAYMENT OF THE COMPANY'S OBLIGATIONS TO FIFTH THIRD BANK.

THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT ("***OID***"). A HOLDER MAY, UPON REQUEST, OBTAIN FROM THE COMPANY THIS NOTE'S ISSUE PRICE, ISSUE DATE, AMOUNT OF OID AND YIELD TO MATURITY BY CONTACTING IN WRITING STREAMLINE HEALTH SOLUTIONS, INC., 1230 PEACHTREE STREET NE, SUITE 1000, ATLANTA, GA 30309, ATTN: STEVE MURDOCK, CHIEF FINANCIAL OFFICER.

STREAMLINE HEALTH SOLUTIONS, INC.

SUBORDINATED CONVERTIBLE NOTE

Issuance Date: August 16, 2012 Original Principal Amount: U.S. $

No.:

FOR VALUE RECEIVED, Streamline Health Solutions, Inc., a Delaware corporation (the "***Company***"), hereby promises to pay to or its registered assigns (the "***Holder***") the amount set out above as the Original Principal Amount (the "***Principal***") on November 16, 2014 (the "***Maturity Date***"), together with interest ("***Interest***") thereon from time to time as provided herein from the date set out above as the Issuance Date (the "***Issuance Date***") until all Principal and accrued Interest is paid in full or otherwise satisfied in accordance with the terms hereof. This Subordinated Convertible Note (including all Subordinated Convertible Notes issued in exchange, transfer or replacement hereof, this "***Note***") is one of an issue of Subordinated Convertible Notes issued pursuant to the Purchase Agreement on the Closing Date (collectively, the "***Notes***" and such other Subordinated Convertible Notes, the "***Other Notes***"). Certain capitalized terms used herein are defined in Section 24.

(1) Payments.

(a) The outstanding Principal of this Note, together with all accrued and unpaid Interest hereunder, shall be due and payable on the Maturity Date.

(b) Interest shall accrue at a per annum rate equal to twelve percent (12%) (the "***Interest Rate***") from the Issuance Date until the earlier of conversion in accordance with Section 2 or payment in full of all outstanding Principal and accrued Interest. Interest shall be payable monthly in arrears on the first (1st) day of each month at a per annum rate equal to six percent (6%) commencing September 1, 2012 until September 1, 2013 (each such payment date, an "***Interest Payment Date***"). The other six percent (6%) of Interest shall continue to accrue during this time period as set forth herein but shall not be payable until the earlier of conversion in accordance with Section 2 or the Maturity Date. Following the last Interest Payment Date, the Interest Rate shall continue to accrue as set forth herein but shall not be payable until the earlier of conversion in accordance with Section 2 or the Maturity Date. All accrued and unpaid Interest shall bear Interest at the Interest Rate, compounding monthly. Interest shall be calculated on the basis of actual days elapsed over a 365-day year. Subject to applicable law, any overdue Principal of and overdue Interest on this Note shall bear Interest, payable on demand in immediately available funds, for each day from the date payment thereof was due to the date of actual payment, at a rate equal to the Interest Rate plus 6% per annum, compounding monthly, and, upon and during the occurrence of an Event of Default (as hereinafter defined), this Note shall bear Interest, from the date of the occurrence of such Event of Default until such Event of Default is cured or waived, payable on demand in immediately available funds, at a rate equal to the Interest Rate plus 6% per annum, compounding monthly.

(c) In the event that any interest rate provided for herein shall be determined to be unlawful, such interest rate shall be computed at the highest rate permitted by applicable law. Any payment by the Company of any interest amount in excess of that permitted by law shall be considered a mistake, with the excess being applied to the principal of this Note without prepayment premium or penalty; if no such principal amount is outstanding, such excess shall be returned to Company.

(d) All payments of Principal or Interest shall be made in lawful tender of the United States. If any date for payment of Principal or Interest is not a day on which banks are open for business in the State of New York (a "***Business Day***"), the date for such payment shall be the next succeeding Business Day.

(e) This Note may not be prepaid in whole or in part.

(f) For the avoidance of doubt, any and all payments to the Holder under this Note and any holders of the Other Notes shall be made and be payable free and clear of and without deduction for any and all taxes or similar charges imposed by any taxing authority on the Holder, any holders of the Other Note or the Company with respect to the Notes.

(2) Automatic Conversion of Principal.

(a) At such time as the Company receives stockholder approval for the issuance of Preferred Stock in an amount equal to the Principal of the Notes as required pursuant to the rules of NASDAQ or any other Trading Market on which the Company's Common Stock is then listed or quoted for trading (whether pursuant to the Special Meeting specified in Section 4.14 of the Purchase Agreement or a subsequent meeting of the stockholders of the Company) (the "***Conversion Trigger***"), then the outstanding Principal of the Notes less $ shall be automatically converted into fully paid and nonassessable shares of Preferred Stock at a conversion price of $3.00 per share (the "***Preferred Conversion Price***"), subject to adjustment as provided herein, as of the date of occurrence of the Conversion Trigger, and all accrued and unpaid Interest on this Note shall be immediately due and payable simultaneously with such conversion. Upon the conversion and payment of all accrued and unpaid Interest in accordance with this Section 2, this Note shall automatically be deemed canceled, shall be surrendered to the Company for cancellation and shall not be reissued.

(b) No fractional shares or scrip representing fractional shares shall be issued upon the conversion of this Note. As to any fraction of a share which the Holder would otherwise be entitled to receive upon such conversion, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Preferred Conversion Price or round up to the next whole share.

(c) Issuance of certificates for shares of Preferred Stock shall be made without charge to the Holder for any issue or transfer tax (including related tax return preparation and filing costs of the Company) or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; *provided*, *however*, that in the event certificates for shares of Preferred Stock are to be issued in a name other than the name of the Holder, this Note when surrendered for conversion shall be accompanied by an assignment duly executed by the Holder, and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto.

(d) Upon conversion of this Note, the Holder must surrender this Note at the principal offices of the Company or any transfer agent for the Company. The Company will, as soon as practicable thereafter, issue and deliver to the Holder a certificate for the number of shares of Preferred Stock to which the Holder is entitled upon such conversion under the terms of this Note. Except as provided in Section 2(a) above, upon conversion of this Note, the Note shall be cancelled and the Company will be forever released from all its obligations and liabilities under this Note, including, without limitation, the obligation to pay such portion of the Principal and accrued Interest as may then be outstanding.

(e) If and whenever the Company shall at any time subdivide its outstanding Preferred Stock into a greater number of shares, the Preferred Conversion Price in effect immediately prior to such subdivision shall be proportionately reduced, and conversely, in case the outstanding Preferred Stock shall be combined into a smaller number of shares, the Preferred Conversion Price in effect immediately prior to such combination shall be proportionately increased. No other adjustments shall be made to the Preferred Conversion Price; it being understood that the adjustment provisions of the Preferred Stock set forth in the Certificate of Designation shall adequately address any other changes that may impact the Holder's rights in connection with the Preferred Stock.

(3) Unsecured Note. This Note shall not at any time be secured by the assets or properties of the Company.

(4) Events of Default.

(a) Events of Default. Each of the following events shall constitute an "***Event of Default***":

(i) the Company's failure to pay to the Holder any amount of Principal, Interest or other amounts when and as due under this Note, except, in the case of a failure to pay Interest when and as due, in which case only if such failure to pay Interest continues for a period of at least five (5) Business Days; or

(ii) the Company shall default in the due observance or performance of any covenant to be observed or performed pursuant to Section 4.1 (Transfer Restrictions) of the Purchase Agreement; or

(iii) the Company or any of its Subsidiaries shall default in the due observance or performance of any other covenant, condition or agreement on the part of the Company or any of its Subsidiaries to be observed or performed pursuant to the terms hereof or pursuant to the terms of the Purchase Agreement or any of the other Transaction Documents (other than those referred to in clauses (i) or (ii) of this Section 4(a)), except, in the case such default is curable, only if such default continues for a period of at least twenty (20) consecutive Business Days after written notice of such default is provided to the Company; or

(iv) any representation, warranty or certification made by or on behalf of the Company or any of its Subsidiaries in the Purchase Agreement, this Note, the other Transaction Documents or in any certificate or other document delivered pursuant hereto or thereto shall have been incorrect in any material respect when made; or

(v) any Event of Default (as defined in the Other Notes) occurs with respect to any Indebtedness, including, without limitation, with respect to the Other Notes; or

(vi) any event or condition shall occur that results in (A) the acceleration of the maturity of any indebtedness or other obligation of the Company or any of its Subsidiaries (including, without limitation, the Senior Permitted Indebtedness), or (B) a default on any indebtedness or other obligation of the Company or any of its Subsidiaries (excluding the Senior Permitted Indebtedness), which continues beyond any applicable period of cure, in either case of clause (A) or (B), in a principal amount aggregating $100,000 or more, other than in respect of trade payables which are the subject of a bona fide dispute and in respect of which the Company has set aside adequate reserves; or

(vii) any uninsured damage to or loss, theft or destruction of any assets of the Company or any of its Subsidiaries shall occur that is in excess of $150,000; or

(viii) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (a) relief in respect of the Company or any of its Subsidiaries, or of a substantial part of its property or assets, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal or state bankruptcy, insolvency, receivership or similar law, (b) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or any of its Subsidiaries, or for a substantial part of its property or assets, or (c) the winding up or liquidation of the Company or any of its Subsidiaries; and in the case of clause (a), (b) or (c) such proceeding or petition shall continue undismissed for 60 days, or an order or decree approving or ordering any of the foregoing shall be entered; or

(ix) the Company or any of its Subsidiaries shall (a) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal or state bankruptcy, insolvency, receivership or similar law, (b) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in paragraph (viii) of this Section 4(a), (c) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or any of its Subsidiaries, or for a substantial part of their property or assets, (d) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (e) make a general assignment for the benefit of creditors, (f) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (g) take any action for the purpose of effecting any of the foregoing; or

(x) one or more judgments for the payment of money in an aggregate amount in excess of $150,000 (to the extent not covered by insurance) shall be rendered against the Company or any of its Subsidiaries and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor for an amount in excess of $150,000 to levy upon assets or properties of the Company or any of its Subsidiaries to enforce any such judgment.

(b) Acceleration. If an Event of Default occurs under Section 4(a)(viii) or (ix), then the outstanding principal of and all accrued interest on this Note shall automatically become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived. If any other Event of Default occurs and is continuing the Holder, by written notice to the Company, may declare the Principal of and accrued Interest on this Note to be immediately due and payable. Upon such declaration, such Principal and Interest shall become immediately due and payable. The Holder may rescind an acceleration and its consequences if all existing Events of Default, except nonpayment of Principal or Interest that has become due solely because of the acceleration, have been cured or waived and if the rescission would not conflict with any judgment or decree. Any notice or rescission shall be given in the manner specified in Section 18(a).

(5) Rights Upon Fundamental Transaction. The Company shall not enter into or be party to a Fundamental Transaction unless any successor entity in such Fundamental Transaction in which the Company is not the survivor (the "***Successor Entity***") assumes in writing (or, if prior to the consummation of such Fundamental Transaction, such applicable agreement requires the assumption of) all of the obligations of the Company under this Note and the other Transaction Documents in accordance with the provisions of this Section 5 pursuant to written agreements in form and substance reasonably satisfactory to the Required Holders and approved by the Required Holders prior to such Fundamental Transaction, including agreements to deliver to each holder of Notes in exchange for such Notes a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to the Notes, including, without limitation, having a principal amount and interest rate equal to the principal amounts and the interest rates of the Notes then outstanding held by such holder, having similar conversion rights and having similar ranking to the Notes, and satisfactory to the Required Holders. Upon the occurrence of any Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Note referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Note with the same effect as if such Successor Entity had been named as the Company herein. Upon consummation of the Fundamental Transaction, the Successor Entity shall deliver to the Holder confirmation that there shall be issued upon conversion or redemption of this Note at any time after the consummation of the Fundamental Transaction, in lieu of the shares of the Company's Preferred Stock (or other securities, cash, assets or other property) issuable upon the conversion of the Notes prior to such Fundamental Transaction, such shares of capital stock of the Successor Entity (or its parent entity) (but taking into account the relative value of the shares of Common Stock and Preferred Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such adjustments to the number of shares of capital stock and such conversion price for the purpose of protecting the economic value of this Note immediately prior to the consummation of such Fundamental Transaction), as adjusted in accordance with the provisions of this Note. The provisions of this Section shall apply similarly and equally to successive Fundamental Transactions and shall be applied without regard to any limitations on the conversion or redemption of this Note.

(6) Distribution of Assets; Rights Upon Issuance of Purchase Rights and Other Corporate Events.

(a) Distribution of Assets. If the Company shall declare or make any dividend or other distributions of its assets (or rights to acquire its assets) to holders of shares of Preferred Stock, by way of return of capital or otherwise (including without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (the "***Distributions***") at any time after the Issuance Date, then, in each such case, the Holder will be entitled to participate in such Distribution to the extent that the Holder would have participated therein if the Holder had held the number of shares of Preferred Stock acquirable upon complete conversion of this Note (without taking into account any limitations or restrictions on the convertibility of this Note) immediately prior to the date on which a record is taken for such Distribution or, if no such record is taken, the date as of which the record holders of Preferred Stock and/or Common Stock are to be determined for such Distributions.

(b) Purchase Rights. If at any time the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of Preferred Stock (the "***Purchase Rights***"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Preferred Stock acquirable upon complete conversion of this Note (without taking into account any limitations or restrictions on the convertibility of this Note) immediately prior to the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Preferred Stock and/or Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(c) Other Corporate Events. In addition to and not in substitution for any other rights hereunder, prior to the consummation of any Fundamental Transaction pursuant to which holders of shares of Common Stock are entitled to receive securities or other assets with respect to or in exchange for shares of Common Stock (a "***Corporate Event***"), the Company shall make appropriate provision to insure that the Holder will thereafter have the right to receive upon a conversion of this Note, at the Holder's option, (i) in addition to the shares of Preferred Stock receivable upon such conversion, such securities or other assets to which the Holder would have been entitled with respect to such shares of Preferred Stock had such shares of Preferred Stock (or the Common Stock into which such shares of Preferred Stock are convertible) been held by the Holder upon the consummation of such Corporate Event (without taking into account any limitations or restrictions on the convertibility of this Note) or (ii) in lieu of the shares of Preferred Stock otherwise receivable upon such conversion, such securities or other assets received by the holders of shares of Common Stock in connection with the consummation of such Corporate Event in such amounts as the Holder would have been entitled to receive had this Note initially been issued with conversion rights for the form of such consideration (as opposed to shares of Preferred Stock) at a conversion rate for such consideration commensurate with the Preferred Conversion Price. Provision made pursuant to the preceding sentence shall be in a form and substance satisfactory to the Required Holders. The provisions of this Section shall apply similarly and equally to successive Corporate Events and shall be applied without regard to any limitations on the conversion or redemption of this Note.

(7) Non-circumvention. The Company hereby covenants and agrees that the Company will not, by amendment of its Certificate of Incorporation, Bylaws or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Note, and will at all times in good faith carry out all of the provisions of this Note and take all action as may be required to protect the rights of the Holder of this Note.

(8) Voting Rights. The Holder shall have no voting rights as the holder of this Note.

(9) Reserved.

(10) Covenants.

(a) Rank. All payments due under this Note (i) shall rank *pari passu* with all Other Notes and (ii) shall be senior to all other Indebtedness of the Company and its Subsidiaries other than Permitted Senior Indebtedness.

(b) Incurrence of Indebtedness. So long as this Note is outstanding, the Company shall not, and the Company shall not permit any of its Subsidiaries to, directly or indirectly, incur or guarantee, assume or suffer to exist any Indebtedness, other than Permitted Indebtedness.

(c) Reservation of Authorized Shares. Prior to the Special Meeting, the Company shall reserve (i) out of its authorized and unissued Preferred Stock a number of shares of Preferred Stock for this Note equal to the quotient of (x) the Principal divided by (y) the Preferred Conversion Price and (ii) out of its authorized and unissued Common Stock a number of shares of Common Stock equal to the number of shares of Preferred Stock issuable pursuant to clause (i) above.

(11) Vote to Issue, or Change the Terms of, Notes. The written consent of the Required Holders shall be required for any change or amendment to the Notes; provided that any such amendment or waiver that complies with the foregoing but that disproportionately, materially and adversely affects the rights and obligations of any Holder relative to the comparable rights and obligations of the other Holders shall require the prior written consent of such adversely affected Holder.

(12) Transfer. This Note may be offered, sold, assigned or transferred by the Holder without the consent of the Company, subject only to the provisions of Section 5.6 of the Purchase Agreement and applicable securities laws. The Company shall maintain at one of its offices in any State of the United States, a copy of each assignment and a register for the recordation of the names and addresses of the Holders, the Principal, and Interest owing to each Holder from time to time and the amount of Principal and Interest paid with respect to each Holder from time to time (the “Register”). The entries in the Register shall be conclusive, in the absence of manifest error, and the Company and the Holders may treat each Person whose name is recorded in the Register as a Holder hereunder for all purposes of this agreement. The Register shall be available for inspection by any Holder at any reasonable time and from time to time upon reasonable prior notice. Any assignment whether or not evidenced by a Note shall be effective only upon appropriate entries with respect thereto being made in the Register. Any assignment or transfer of all or part of a Note shall be registered on the Register only upon surrender of the Note evidencing such Loan, accompanied by a duly executed assignment, and thereupon one or more Notes shall be issued to the assignee as per section 13 below.

(13) Reissuance of This Note.

(a) Transfer. If this Note is to be transferred, the Holder shall surrender this Note to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Note (in accordance with Section 13(d)), registered as the Holder may request, representing the outstanding Principal being transferred by the Holder and, if less than the entire outstanding Principal is being transferred, a new Note (in accordance with Section 13(d)) to the Holder representing the outstanding Principal not being transferred.

(b) Lost, Stolen or Mutilated Note. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Note, the Company shall execute and deliver to the Holder a new Note (in accordance with Section 13(d)) representing the outstanding Principal.

(c) Note Exchangeable for Different Denominations. This Note is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Note or Notes (in accordance with Section 13(d) and in principal amounts of at least $100,000) representing in the aggregate the outstanding Principal of this Note, and each such new Note will represent such portion of such outstanding Principal as is designated by the Holder at the time of such surrender.

(d) Issuance of New Notes. Whenever the Company is required to issue a new Note pursuant to the terms of this Note, such new Note (i) shall be of like tenor with this Note, (ii) shall represent, as indicated on the face of such new Note, the Principal remaining outstanding (or in the case of a new Note being issued pursuant to Section 13(a) or Section 13(c), the Principal designated by the Holder which, when added to the principal represented by the other new Notes issued in connection with such issuance, does not exceed the Principal remaining outstanding under this Note immediately prior to such issuance of new Notes), (iii) shall have an issuance date, as indicated on the face of such new Note, which is the same as the Issuance Date of this Note, (iv) shall have the same rights and conditions as this Note, and (v) shall represent accrued and unpaid Interest, if any, on the Principal of this Note, from the Issuance Date.

(14) Remedies, Characterizations, Other Obligations, Breaches, and Injunctive Relief. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note and any of the other Transaction Documents at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the Holder's right to pursue damages for any failure by the Company to comply with the terms of this Note. Amounts set forth or provided for herein with respect to payments, conversion and the like (and the computation thereof) shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof) to any other Person. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the Holder shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

(15) Payment of Collection, Enforcement, and Other Costs. If (a) this Note is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or the Holder otherwise takes action to collect amounts due under this Note or to enforce the provisions of this Note or (b) there occurs any bankruptcy, reorganization, receivership of the Company or other proceedings affecting Company creditors' rights and involving a claim under this Note, then the Company shall pay the costs incurred by the Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, but not limited to, attorneys' fees and disbursements.

(16) Construction; Headings. This Note shall be deemed to be jointly drafted by the Company and all the Holders and shall not be construed against any person as the drafter hereof. The headings of this Note are for convenience of reference and shall not form part of, or affect the interpretation of, this Note.

(17) Failure or Indulgence Not Waiver. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

(18) Notices; Payments.

(a) Notices. Whenever notice is required to be given under this Note, unless otherwise provided herein, such notice shall be given in accordance with Section 5.3 of the Purchase Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Note, including in reasonable detail a description of such action and the reason therefore. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) immediately upon any adjustment of the Preferred Conversion Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment and (ii) at least twenty (20) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Stock, (B) with respect to any pro rata subscription offer to holders of Common Stock or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation.

(b) Payments. Whenever any payment of cash is to be made by the Company to any Person pursuant to this Note, such payment shall be made in lawful money of the United States of America by a check drawn on the account of the Company and sent via overnight courier service to such Person at such address as previously provided to the Company in writing (which address, in the case of each of the Purchasers, shall initially be as set forth in the Purchase Agreement); *provided* that the Holder may elect to receive a payment of cash via wire transfer of immediately available funds by providing the Company with prior written notice setting out such request and the Holder's wire transfer instructions. Whenever any amount expressed to be due by the terms of this Note is due on any day which is not a Business Day, the same shall instead be due on the next succeeding day which is a Business Day, and the extension of the due date thereof shall not be taken into account for purposes of determining the amount of Interest due on such date.

(19) Cancellation. After all Principal, accrued Interest and other amounts at any time owed on this Note have been paid in full, this Note shall automatically be deemed canceled, shall be surrendered to the Company for cancellation and shall not be reissued.

(20) Waiver of Notice. To the extent permitted by law, the Company hereby waives demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the Purchase Agreement.

(21) Governing Law. All questions concerning the construction, validity, enforcement, and interpretation of this Note shall be determined in accordance with the provisions of the Purchase Agreement.

(22) Severability. If any provision of this Note is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Note so long as this Note as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

(23) Reserved.

(24) Certain Definitions. Terms used in this Note but defined in the Purchase Agreement shall have the meanings ascribed to such terms in the Purchase Agreement. For purposes of this Note, the following terms shall have the following meanings:

(a) "***Fundamental Transaction***" means that (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its and its Subsidiaries' assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination).

(b) "***Indebtedness***" of any Person means, without duplication (i) all indebtedness for borrowed money, (ii) all obligations issued, undertaken or assumed as the deferred purchase price of property or services, including (without limitation) "capital leases" in accordance with GAAP (other than trade payables entered into in the ordinary course of business), (iii) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (iv) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses, (v) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (vi) all monetary obligations under any leasing or similar arrangement which, in connection with GAAP, consistently applied for the periods covered thereby, is classified as a capital lease, (vii) all indebtedness referred to in clauses (i) through (vi) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any mortgage, lien, pledge, charge, security interest or other encumbrance upon or in any property or assets (including accounts and contract rights) owned by any Person, even though the Person which owns such assets or property has not assumed or become liable for the payment of such indebtedness, and (viii) all contingent obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (i) through (vii) above.

(c) "***Permitted Indebtedness***" means (i) Indebtedness evidenced by this Note and the Other Notes, (ii) unsecured Indebtedness incurred by the Company that is made expressly subordinate in right of payment to the Indebtedness evidenced by this Note, as reflected in a written agreement acceptable to the Required Holders and approved by the Required Holders in writing, (iii) unsecured Indebtedness incurred by the Company from time to time that does not exceed $250,000 in the aggregate at any one time, (iv) Permitted Senior Indebtedness, and (v) the Indebtedness of the Company set forth on Schedule I attached hereto.

(d) "***Permitted Senior Indebtedness***" means Indebtedness incurred with respect to the Company's existing credit facility with Fifth Third Bank subject to any restrictions in the Subordination Agreement, dated as of the date hereof, between Fifth Third Bank, the Company and the holders of the Notes.

(e) "***Purchase Agreement***" means that certain Securities Purchase Agreement dated as of August 16, 2012 by and among the Company and the initial holders of the Notes pursuant to which the Company issued the Notes, as may be amended from time to time.

(f) "***Required Holders***" means the holders of Notes representing at least 67% of the aggregate principal amount of the Notes then outstanding.

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed as of the Issuance Date set out above.

STREAMLINE HEALTH SOLUTIONS, INC.

By: _____
Name: Stephen H. Murdock
Title: Chief Financial Officer

Exhibit 10.6

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "***SECURITIES ACT***"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

STREAMLINE HEALTH SOLUTIONS, INC.

COMMON STOCK PURCHASE WARRANT

Warrant Shares: Issuance Date: August 16, 2012
Warrant No.:

THIS COMMON STOCK PURCHASE WARRANT (the "***Warrant***") certifies that, for value received, or its assigns (the "***Holder***") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after February 17, 2013 (the "***Initial Exercise Date***") and on or prior to the close of business on the 5 year anniversary of the Initial Exercise Date (the "***Termination Date***") but not thereafter, to subscribe for and purchase from Streamline Health Solutions, Inc., a Delaware corporation (the "***Company***"), up to shares (as subject to adjustment hereunder, the "***Warrant Shares***") of Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Securities Purchase Agreement (the "***Purchase Agreement***"), dated August 16, 2012, among the Company and the purchasers signatory thereto.

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed facsimile copy of the Notice of Exercise form annexed hereto and within three (3) Trading Days of the date said Notice of Exercise is delivered to the Company, the Company shall have received payment of the aggregate Exercise Price of the shares thereby purchased by wire transfer or cashier's check drawn on a United States bank or, if available, pursuant to the cashless exercise procedure specified in Section 2(c) below. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date the final Notice of Exercise is delivered to the Company. Subject to the provisions of Section 2(d)(iv) below, partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise Form within one (1) Business Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be $3.99, subject to adjustment hereunder (the "***Exercise Price***").

c) Cashless Exercise. This Warrant may also be exercised, in whole or in part, by means of a "cashless exercise" in which the Holder shall be entitled to receive a certificate for the number of Warrant Shares equal to the quotient obtained by dividing [(A-B) x (N)] by (A), where:

(A) = the volume weighted average price of the Common Stock on the principal Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (or an equivalent, reliable reporting service mutually acceptable to and hereafter designated by (i) the holders of Warrants exercisable for at least sixty-seven percent (67%) of the Warrant Shares then exercisable pursuant to all Warrants and (ii) the Company) on the Trading Day immediately preceding the date on which Holder elects to exercise this Warrant by means of a "cashless exercise," as set forth in the applicable Notice of Exercise;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(N) = the number of Warrant Shares that would be issuable upon such full or partial exercise of this Warrant in accordance with the terms of this Warrant if such full or partial exercise were by means of a cash exercise rather than a cashless exercise.

d) Mechanics of Exercise.

(i) Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted by the transfer agent to the Holder by crediting the account of the Holder's prime broker with The Depository Trust Company ("***DTC***") through its Deposit or Withdrawal at Custodian system ("***DWAC***") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or (B) the shares are eligible for resale by the Holder without volume or manner-of-sale limitations pursuant to Rule 144, and otherwise by physical delivery to the address specified by the Holder in the Notice of Exercise by the date that is three (3) Trading Days after the latest of (A) the delivery to the Company of the Notice of Exercise, (B) surrender of this Warrant (if required), and (C) payment of the aggregate Exercise Price as set forth above (including by cashless exercise) (such date, the "***Warrant Share Delivery Date***"). The Warrant Shares shall be deemed to have been issued, and the Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised, with payment to the Company of the Exercise Price (or by cashless exercise) and all taxes required to be paid by the Holder, if any, pursuant to Section 2(d)(v) prior to the issuance of such shares, having been paid.

(ii) Company's Failure to Timely Deliver Securities. If the Company shall fail for any reason or for no reason to issue to the Holder by the applicable Warrant Share Delivery Date a certificate for the number of shares of Common Stock to which the Holder is entitled and register such shares of Common Stock on the Company's share register or to credit the Holder's balance account with DTC for such number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise of this Warrant, and if on or after such Warrant Share Delivery Date the Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of shares of Common Stock issuable upon such exercise that the Holder anticipated receiving from the Company (a "***Buy-In***"), then the Company shall, within five (5) Trading Days after the Holder's request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased (the "***Buy-In Price***"), at which point the Company's obligation to deliver such certificate (and to issue such shares of Common Stock) shall terminate, or (ii) promptly honor its obligation to deliver to the Holder a certificate or certificates representing such shares of Common Stock and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Common Stock, times (B) the Closing Sale Price (as defined in the Certificate of Designation) on the date of exercise.

(iii) Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Exercise Notice, such Holder (together with such Holder's Affiliates, and any other Person whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act and the applicable regulations of the Commission, including any "group" (a "***Group***") of which the Holder is a member) would beneficially own a number of shares of Common Stock in excess of the Beneficial Ownership Limitation (as defined below); provided, however, that from immediately prior to a Fundamental Transaction, such restriction on the exercise of this Warrant shall not apply if the Holder, its Affiliates and any Group of which the Holder is a member would not, immediately following such Fundamental Transaction, beneficially own more than the Maximum Percentage (as defined below) of any class of equity securities registered under the Exchange Act of a Successor Entity (or of a surviving entity's parent) in such Fundamental Transaction. For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder, its Affiliates and any Group of which the Holder is a member shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (A) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or any member of a Group of which the Holder is a member, and (B) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) beneficially owned by the Holder or any of its Affiliates or any member of any Group of which the Holder is a member that are subject to a limitation on conversion or exercise analogous to the limitation contained herein. Except as set forth in the preceding sentence, for purposes of this Section 2(d)(iii), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(d)(iii) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder, its Affiliates and any Group of which the Holder is a member) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination as to whether this Warrant is exercisable (in relation to other securities owned by the Holder, its Affiliates and any Group of which the Holder is a member) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. For purposes of this Section 2(d)(iii), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report, as the case may be, (B) a more recent public

announcement by the Company or (C) any more recent notice by the Company or the Company's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder (which may be by electronic mail), the Company shall within two (2) Trading Days confirm orally and in writing to the Holder (which may be by electronic mail) the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to any actual conversion or exercise of securities of the Company, including this Warrant, by the Holder or any of its Affiliates or any member of any Group of which the Holder is a member since the date as of which such number of outstanding shares of Common Stock was reported or confirmed to the Holder. The "***Beneficial Ownership Limitation***" shall be 9.985% (as such percentage, upon not less than 61 days' prior notice to the Company, may be increased or decreased pursuant to the following sentence, the "***Maximum Percentage***") of the number of shares of Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. A Holder may from time to time increase or decrease the Maximum Percentage of the Beneficial Ownership Limitation to any other percentage; provided, that any such increase or decrease (i) will not be effective until the sixty-first (61st) day after such notice is delivered to the Company and (ii) will apply only to such Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(d)(iii) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

(iv) Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

(v) Rescission Rights. If the Company fails to cause its transfer agent to transmit to the Holder a certificate or the certificates representing the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder, subject to Section 2(d)(ii) above, will have the right to rescind such exercise.

(vi) No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

(vii) Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder for any issue or transfer tax (including related tax return preparation and filing costs of the Company) or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; *provided, however*, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all transfer agent fees required for same-day processing of any Notice of Exercise.

(viii) Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

(ix) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 5(k).

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

b) Subsequent Equity Sales.

(i) From the date hereof until the second (2nd) anniversary of the original issuance date of this Warrant, if the Company or any Subsidiary thereof, as applicable, at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or Common Stock Equivalents, at a Consideration Per Share less than the Exercise Price then in effect (such lower price, the "***Base Share Price***" and such issuances collectively, a "***Dilutive Issuance***") (it being understood and agreed that if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share that is less than the Exercise Price, such issuance shall be deemed to have occurred for less than the Exercise Price on such date of the Dilutive Issuance at such effective price), then simultaneously with the consummation of each Dilutive Issuance the Exercise Price shall be reduced to equal the Base Share Price.

(ii) Following the second (2nd) anniversary of the original issuance date of this Warrant, if the Company or any Subsidiary thereof, as applicable, at any time while this Warrant is outstanding, shall engage in a Dilutive Issuance, then simultaneously with the consummation of each Dilutive Issuance the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to such Dilutive Issuance by the quotient of the following formula:

(a) The sum of (I) the number of shares of Common Stock outstanding immediately prior to such event (calculated on a fully-diluted basis taking into account all Common Stock Equivalents on an as-converted-to-common basis); plus (II) the quotient of (A) the Aggregate Consideration Receivable in respect of such event, divided by (B) the Exercise Price in effect immediately prior to such event; divided by

(b) The sum of (I) the number of shares of Common Stock outstanding immediately prior to such event (calculated on a fully diluted basis taking into account all Common Stock Equivalents on an as-converted-to-common basis); plus (II) the number of shares of Common Stock issued or sold in such event (or then issuable pursuant to Common Stock Equivalents issued or sold in such event).

(iii) For purposes of this Section 3(b), "***Aggregate Consideration Receivable***" shall mean the aggregate amount paid to the Company or its Subsidiaries in connection with a Dilutive Issuance and, in the case of an issuance or sale of Common Stock Equivalents, or any amendment thereto, plus the aggregate consideration or premiums payable for conversion of any Common Stock Equivalents covered thereby; in each case without deduction for any fees, expenses or underwriters' discounts.

(iv) For purposes of this Section 3(b), "***Consideration Per Share***" shall mean the quotient of (a) the Aggregate Consideration Receivable in respect of such Common Stock or Common Stock Equivalents, divided by (b) the total number of shares of Common Stock issued or issuable under such Common Stock Equivalents as of such date.

(v) Upon the expiration of any Common Stock Equivalents, with respect to which an adjustment was required to be made pursuant to Section 3(b), without the full exercise thereof, the Exercise Price under this Warrant shall upon such expiration be readjusted and shall thereafter be the Exercise Price as would have been effective (a) had only the Common Stock actually issued or sold upon exercise of such Common Stock Equivalent been taken into consideration for the adjustment in Section 3(b) and (b) had only the actual consideration received by the Company and its Subsidiaries upon such exercise plus the aggregate consideration, if any, actually received by the Company and its Subsidiaries for the issuance, sale or grant of all such Common Stock Equivalents, whether or not exercised; *provided*, *however*, no such readjustment shall have the effect of increasing the Exercise Price by an amount in excess of the amount of the reduction initially made in respect of the issuance, sale, or grant of such Common Stock Equivalents.

(vi) If, with respect to any of the Common Stock Equivalents with respect to which an adjustment was required to be made pursuant to Section 3(b), there is an increase or decrease in the consideration payable to the Company or its Subsidiaries in respect of the exercise thereof, or there is an increase or decrease in the number of shares of Common Stock issuable upon the exercise thereof (by change of rate or otherwise), the adjusted Exercise Price computed upon the original issue and sale thereof, and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Common Stock Equivalents which are outstanding at such time.

(vii) Any adjustment required by this Section 3(b) shall be made whenever such Common Stock or Common Stock Equivalents are issued as part of the Dilutive Issuance. Notwithstanding the foregoing, no adjustments shall be made, paid or issued under this Section 3(b) in respect of an Exempt Issuance. The Company shall notify the Holder, in writing, no later than the Trading Day following the issuance or deemed issuance of any Common Stock or Common Stock Equivalents subject to this Section 3(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice, the "***Dilutive Issuance Notice***"). For purposes of clarification, whether or not the Company provides a Dilutive Issuance Notice pursuant to this Section 3(b), upon the occurrence of any Dilutive Issuance, the Holder is entitled to receive a number of Warrant Shares based upon the Base Share Price regardless of whether the Holder accurately refers to the Base Share Price in the Notice of Exercise.

(viii) Upon each adjustment of the Exercise Price pursuant to this Section 3(b), this Warrant shall thereafter evidence the right to receive, at the adjusted Exercise Price, that number of shares of Common Stock (rounded up to the nearest whole share) obtained by dividing (x) the product of the aggregate number of shares of Common Stock covered by this Warrant immediately prior to such adjustment and the Exercise Price in effect immediately prior to such adjustment of the Exercise Price by (y) the Exercise Price in effect immediately after such adjustment of the Exercise Price.

(ix) Notwithstanding the foregoing, the provisions of this Section 3(b) shall not be effective until such time as the stockholders of the Company shall have approved the Proposal (as defined in Section 4.14(a) of the Purchase Agreement) in accordance with NASDAQ rules.

c) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "***Purchase Rights***"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

d) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "***Distribution***"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution.

e) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "***Fundamental Transaction***"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "***Alternate Consideration***") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction. For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction that is (1) an all cash transaction, (2) a "Rule 13e-3 transaction" as defined in Rule 13e-3 under the Exchange Act, or (3) a Fundamental Transaction involving a person or entity not traded on a national securities exchange, the Company or any Successor Entity (as defined below) shall, at the Holder's option, exercisable at any time concurrently with, or within 30 days after, the consummation of the Fundamental Transaction, purchase this Warrant from the Holder by paying to the Holder an amount of cash equal to the Black Scholes Value of the remaining unexercised portion of this Warrant on the date of

the consummation of such Fundamental Transaction. "***Black Scholes Value***" means the value of this Warrant based on the Black and Scholes Option Pricing Model obtained from the "OV" function on Bloomberg, L.P. ("***Bloomberg***") determined as of the day of consummation of the applicable Fundamental Transaction for pricing purposes and reflecting (A) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Termination Date, (B) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as of the Trading Day immediately following the public announcement of the applicable Fundamental Transaction, (C) the underlying price per share used in such calculation shall be the sum of the price per share being offered in cash, if any, plus the value of any non-cash consideration, if any, (such value being determined by the Board of Directors of the Company in good faith) being offered in such Fundamental Transaction and (D) a remaining option time equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Termination Date. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "***Successor Entity***") to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 3(e) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

f) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

g) Notice to Holder.

(i) Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

(ii) Notice of Events. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be mailed to the Holder at its last address as it shall appear upon the Warrant Register of the Company, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice.

Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof and to the provisions of Section 4.1 of the Purchase Agreement, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the Initial Exercise Date and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "***Warrant Register***"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If , at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions or current public information requirements pursuant to Rule 144, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the case may be, comply with the provisions of Section 5.6 of the Purchase Agreement.

e) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i), except as expressly set forth in Section 3.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares. The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

e) Noncircumvention. Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant. Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

f) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Purchase Agreement.

g) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

h) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies, notwithstanding the fact that all rights hereunder terminate on the Termination Date. If the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

i) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.

j) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

k) Dispute Resolution. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall submit the disputed determinations or arithmetic calculations via facsimile within two (2) Business Days of receipt of the Notice of Exercise giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within three Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within two (2) Business Days, submit via facsimile (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Holder or (b) the disputed arithmetic calculation of the Warrant Shares to the Company's independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten (10) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

l) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

m) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

n) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

o) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

p) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

****

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

STREAMLINE HEALTH SOLUTIONS, INC.

By: _____
Name: Stephen H. Murdock
Title: Chief Financial Officer

NOTICE OF EXERCISE

TO: STREAMLINE HEALTH SOLUTIONS, INC.

(1) The undersigned hereby elects to purchase Warrant Shares of the Company pursuant to the terms of the undersigned's Warrant (such Warrant is attached if the Warrant is being exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

☐ lawful money of the United States; or

☐ if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

_____

The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

_____

_____

_____

(4) Accredited Investor. The undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

ASSIGNMENT FORM

(To assign the foregoing warrant, execute this form and supply required information. Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [all / shares] of the foregoing Warrant and all rights evidenced thereby are hereby assigned to whose address is

Dated: ,

Holder's Signature: _____

Holder's Address: _____

_____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

Exhibit 10.7

Execution Version

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "***Agreement***") is made and entered into as of August 16, 2012, between Streamline Health Solutions, Inc., a Delaware corporation (the "***Company***"), and each of the several purchasers signatory hereto (each such purchaser, a "***Purchaser***" and, collectively, the "***Purchasers***").

This Agreement is made pursuant to the Securities Purchase Agreement, dated as of the date hereof, between the Company and each Purchaser (the "***Purchase Agreement***").

The Company and each Purchaser hereby agrees as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"***Advice***" shall have the meaning set forth in Section 6(d).

"***Effectiveness Date***" means, with respect to the Initial Registration Statement required to be filed hereunder, the 90th calendar day following the Filing Date and with respect to any additional Registration Statements which may be required pursuant to Section 2(c) or Section 3(c), the 90th calendar day following the date on which an additional Registration Statement is required to be filed hereunder; *provided, however*, that in the event the Company is notified by the Commission that one or more of the above Registration Statements will not be reviewed or is no longer subject to further review and comments, the Effectiveness Date as to such Registration Statement shall be the fifth (5^{th}) Trading Day following the date on which the Company is so notified if such date precedes the dates otherwise required above, provided, further, if such Effectiveness Date falls on a day that is not a Trading Day, then the Effectiveness Date shall be the next succeeding Trading Day.

"***Effectiveness Period***" shall have the meaning set forth in Section 2(a).

"***Filing Date***" means, with respect to the Initial Registration Statement required hereunder, the 30th calendar day following the date hereof and, with respect to any additional Registration Statements which may be required pursuant to Section 2(c) or Section 3(c), the earliest practical date on which the Company is permitted by SEC Guidance to file such additional Registration Statement related to the Registrable Securities.

"***Holder***" or "***Holders***" means the holder or holders, as the case may be, from time to time of Registrable Securities.

"***Indemnified Party***" shall have the meaning set forth in Section 5(c).

"***Indemnifying Party***" shall have the meaning set forth in Section 5(c).

"***Initial Registration Statement***" means the initial Registration Statement filed pursuant to this Agreement.

"***Losses***" shall have the meaning set forth in Section 5(a).

"***Plan of Distribution***" shall have the meaning set forth in Section 2(a).

"***Prospectus***" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated by the Commission pursuant to the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"***Registrable Securities***" means, as of any date of determination, (a) all shares of Common Stock issuable upon conversion of the Preferred Stock, including any Preferred Stock issuable upon conversion of the Convertible Notes, (b) all Warrant Shares then issuable upon exercise of the Warrants (assuming on such date the Warrants are exercised in full), (c) any additional shares of Common Stock issuable in connection with any anti-dilution provisions in the Certificate of Designation relating to the Preferred Stock or in the Warrants, and (d) any securities issued or then issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing; *provided*, *however*, that any such Registrable Securities shall cease to be Registrable Securities (and the Company shall not be required to maintain the effectiveness of any, or file another, Registration Statement hereunder with respect thereto) at such time as (i) such Registrable Securities have been disposed of by the Holder pursuant to a Registration Statement declared effective by the Commission under the Securities Act, (ii) such Registrable Securities have been previously sold in accordance with Rule 144, or (iii) such securities become eligible for resale without volume or manner-of-sale restrictions and without current public information pursuant to Rule 144 as set forth in a written opinion letter of counsel to the Company to such effect, addressed, delivered and acceptable to the Transfer Agent and the affected Holders (assuming that such securities and any securities issuable upon exercise, conversion or exchange of which, or as a dividend upon which, such securities were issued or are issuable, were at no time held by any Affiliate of the Company, and all Warrants are exercised by "cashless exercise" as provided in Section 2(c) of each of the Warrants).

"***Registration Statement***" means any registration statement required to be filed hereunder pursuant to Section 2(a) and any additional registration statements contemplated by Section 2(c) or Section 3(c), including (in each case) the Prospectus, amendments and supplements to any such registration statement or Prospectus, including pre-effective and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in any such registration statement.

"***Rule 415***" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"***Rule 424***" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"***Selling Stockholder Questionnaire***" shall have the meaning set forth in Section 3(a).

"***SEC Guidance***" means (i) any publicly-available written or oral guidance of the Commission staff, or any comments, requirements or requests of the Commission staff and (ii) the Securities Act.

2. Shelf Registration.

(a) On or prior to the applicable Filing Date, the Company shall prepare and file with the Commission a Registration Statement covering the resale of all of the Registrable Securities that are not then registered on an effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415. Each Registration Statement filed hereunder shall be on Form S-3 (except if the Company is not then eligible to register for resale the Registrable Securities on Form S-3, in which case such registration shall be on another appropriate form in accordance herewith, subject to the provisions of Section 2(d)) and shall contain (unless otherwise directed by at least a two-thirds majority in interest of the Holders) substantially the "***Plan of Distribution***" attached hereto as Annex A. Subject to the terms of this Agreement, the Company shall use its reasonable best efforts to cause a Registration Statement filed under this Agreement (including, without limitation, under Section 3(c)) to be declared effective under the Securities Act as promptly as possible after the filing thereof, but in any event no later than the applicable Effectiveness Date (including filing with the Commission a request for acceleration of effectiveness in accordance with Rule 461 promulgated under the Securities Act), and shall use its reasonable best efforts to keep such Registration Statement continuously effective under the Securities Act until the earliest of (i) the third (3rd) anniversary of the date of this Agreement, (ii) such time that all Registrable Securities covered by such Registration Statement have been sold, thereunder or pursuant to Rule 144, or (iii) such time that all Registrable Securities covered by such Registration Statement may be sold without volume or manner-of-sale restrictions pursuant to Rule 144 and without the requirement for the Company to be in compliance with the current public information requirement under Rule 144, as determined by counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Transfer Agent and the affected Holders (the "***Effectiveness Period***"). The Company shall telephonically request effectiveness of a Registration Statement as of 5:00 p.m. Eastern Time on a Trading Day. The Company shall immediately notify the Holders via facsimile or by e-mail of the effectiveness of a Registration Statement on the same Trading Day that the Company telephonically confirms effectiveness with the Commission, which shall be the date requested for effectiveness of such Registration Statement. The Company shall, by 9:30 a.m. Eastern Time on the Trading Day after the effective date of such Registration Statement, file a final Prospectus with the Commission as required by Rule 424.

(b) Notwithstanding the registration obligations set forth in Section 2(a), if the Commission informs the Company that all of the Registrable Securities cannot, as a result of the application of Rule 415, be registered for resale as a secondary offering on a single registration statement, the Company agrees to promptly inform each of the Holders thereof and use its reasonable best efforts to file amendments to the Initial Registration Statement as required by the Commission, covering the maximum number of Registrable Securities permitted to be registered by the Commission, on Form S-3 or withdraw such Initial Registration Statement and file such other form available to register for resale the Registrable Securities as a secondary offering, subject to the provisions of Section 2(d); *provided, however*, that prior to filing such amendment, the Company shall be obligated to use reasonable best efforts to advocate with the Commission for the registration of all of the Registrable Securities in accordance with the SEC Guidance, including without limitation, Compliance and Disclosure Interpretation 612.09.

(c) Notwithstanding any other provision of this Agreement, if the Commission or any SEC Guidance sets forth a limitation on the number of Registrable Securities permitted to be registered on a particular Registration Statement as a secondary offering (and notwithstanding that the Company used reasonable best efforts to advocate with the Commission for the registration of all or a greater portion of Registrable Securities), unless otherwise directed in writing by a Holder as to its Registrable Securities, the number of Registrable Securities to be registered on such Registration Statement will be reduced as follows:

(i) First, the Company shall reduce or eliminate any securities to be included by any Person other than a Holder;

(ii) Second, the Company shall reduce Registrable Securities represented by Warrant Shares (applied, in the case that some Warrant Shares may be registered, to the Holders on a pro rata basis based on the total number of unregistered Warrant Shares held by such Holders); and

(iii) Third, the Company shall reduce Registrable Securities represented by Conversion Shares (applied, in the case that some such Conversion Shares may be registered, to the Holders on a pro rata basis based on the total number of such unregistered Conversion Shares held by such Holders).

In the event of a cutback hereunder, the Company shall give the Holder at least five (5) Trading Days prior written notice along with the calculations as to such Holder's allotment. In the event the Company amends the Initial Registration Statement in accordance with the foregoing, the Company will use its reasonable best efforts to file with the Commission, as promptly as allowed by Commission or SEC Guidance provided to the Company or to registrants of securities in general, one or more registration statements on Form S-3 or such other form available to register for resale those Registrable Securities that were not registered for resale on the Initial Registration Statement, as amended.

(d) If Form S-3 is not available for the registration of the resale of Registrable Securities hereunder, the Company shall (i) register the resale of the Registrable Securities on another appropriate form and (ii) undertake to register the Registrable Securities on Form S-3 as soon as such form is available, *provided* that the Company shall maintain the effectiveness of the Registration Statement then in effect until such time as a Registration Statement on Form S-3 covering the Registrable Securities has been declared effective by the Commission.

(e) If: (i) any Registration Statement is not filed with the Commission on or prior to its applicable Filing Date, (ii) any Registration Statement is not declared effective by the Commission (or otherwise does not become effective) for any reason on or prior to its applicable Effectiveness Date or (iii) after any Registration Statement is declared effective and except for the reasons as set forth in Sections 2(d), 2(f), and 3(k), (A) the Registration Statement ceases for any reason (including without limitation by reason of a stop order, or the Company's failure to update the Registration Statement), to remain continuously effective as to all Registrable Securities included in the Registration Statement or (B) the Holders are not permitted to utilize the Prospectus to resell such Registrable Securities for any reason (other than due to a change in the "Plan of Distribution" or the inaccuracy of any information provided by the Holders), in each case for more than an aggregate of thirty (30) consecutive calendar days or sixty (60) calendar days (which need not be consecutive days) during any twelve (12) month period (other than as a result of a breach of this Agreement by a Holder, or due to a circumstance set forth in Section 2(f) below), or (iv) if no Registration Statement is effective and the Company fails to satisfy the current public information requirement pursuant to Rule 144(c)(1) as a result of which the Holders are unable to sell Registrable Securities without restriction under Rule 144 (or any successor thereto), (any such failure or breach in clauses (i) through (iv) above being referred to as an "***Event***," and, for purposes of clauses (i), (ii) or (iv), the date on which such Event occurs, or for purposes of clause (iii), the date on which such thirty (30) or sixty (60) calendar day period is exceeded, being referred to as an "***Event Date***"), then in addition to any other rights the Holders may have hereunder or under applicable law, (x) within five Business Days after an Event Date, the Company shall pay to each Holder an amount in cash, as liquidated damages and not as a penalty, equal to 1% of the aggregate purchase price paid by such Holder under the Purchase Agreement for its Preferred Stock, Warrants and Convertible Notes (the "***Purchase Price***"); and (y) on each monthly anniversary of each such Event Date thereof (if the applicable Event shall not have been cured by such date) until the earlier of (1) the applicable Event having been cured or (2) the Registrable Securities having become eligible for resale pursuant to Rule 144 without manner of sale or volume limitations, the Company shall pay to each Holder an amount in cash, as liquidated damages and not as a penalty, equal to 1% of the Purchase Price for any unregistered Registrable Securities then held by such Holder. The amounts payable pursuant to the foregoing clauses (x) and (y) are referred to collectively, as "***Liquidated Damages***". It shall be a condition precedent to the obligations of the Company to pay any liquidated damages pursuant to this Section 3(c) with respect to the Registrable Securities of any Holder that such Holder shall furnish to the Company such information regarding itself and the Registrable Securities held by it. The liquidated damages pursuant to the terms hereof shall apply on a pro rata basis for any portion of a month prior to the cure of an Event. Notwithstanding the foregoing, the parties agree that (I) the Company will not be liable for Liquidated Damages under this Agreement with respect to any Warrant Shares prior to their issuance, or any Common Stock issuable upon conversion of the Preferred Stock, including any Preferred Stock issued upon conversion of the Convertible Notes (but expressly excluding Preferred Stock issuable upon conversion of the Convertible Notes if the Convertible Notes have not yet been converted), in each case until such Common Stock is issued, (II) no Liquidated Damages shall be payable with respect to any period after the expiration of the Effectiveness Period, (III) no Liquidated Damages shall be payable to any Holder during the period such Holder is in possession of material non-public information that prevents it from selling Registrable Securities pursuant to the Exchange Act, the Securities Act, or other applicable laws, rules or regulations regarding the sale of securities, or in respect of a period during which such Holder would be subject to short-swing profit recapture under Section 16 of the Exchange Act or the applicable rules and regulations thereunder, (IV) the maximum payment to any Holder associated with all Events in the aggregate shall not exceed (i) in any 30-day period following an Event Date, an aggregate of 1% of the Purchase Price and (ii) 10% of the Purchase Price, and (V) in no event shall the Company be liable in any 30-day period for Liquidated Damages in the aggregate under this Agreement in excess of 2% of the aggregate Purchase Price paid by all Holders.

(f) Notwithstanding any provision of this Agreement to the contrary, any time period commencing with the filing of a post-effective amendment to a Registration Statement and continuing until the time that such Registration Statement has been declared effective by the Commission shall not be considered an "Event" hereunder and no Liquidated Damages shall accrue or be payable with respect thereto, provided that during such time period the Company continues to use its reasonable best efforts to cause such Registration Statement to be declared effective.

(g) In the event a Holder is able to prove actual damages in excess of the amount of Liquidated Damages received by such Holder hereunder as the result of an Event, then nothing herein shall relieve the Company of any obligation to pay such excess.

3. Registration Procedures. In connection with the Company's registration obligations hereunder, the Company shall:

(a) Not less than five (5) Trading Days prior to the filing of each Registration Statement and not less than three (3) Trading Days prior to the filing of any related Prospectus or any amendment or supplement thereto (including any document that would be incorporated or deemed to be incorporated therein by reference), the Company shall (i) furnish to each Holder copies of all such documents proposed to be filed, which documents (other than those incorporated or deemed to be incorporated by reference) will be subject to the review of such Holders, and (ii) cause its officers and directors, counsel and independent registered public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective counsel to each Holder, to conduct a reasonable investigation within the meaning of the Securities Act. Notwithstanding the above, the Company shall not be obligated to provide the Holders advance copies of any universal shelf registration statement registering securities other than the Registrable Securities required to be registered hereunder, or any Prospectus prepared thereto. The Company shall not file a Registration Statement or any such Prospectus or any amendments or supplements thereto to which the Holders of more than one-third of the Registrable Securities shall reasonably object in good faith, provided that, the Company is notified of such objection in writing no later than three (3) Trading Days after the Holders have been so furnished copies of a Registration Statement or one (1) Trading Day after the Holders have been so furnished copies of any related Prospectus or amendments or supplements thereto. Each Holder agrees to furnish to the Company a completed questionnaire in the form attached to this Agreement as Annex B (a "***Selling Stockholder Questionnaire***") on a date that is not less than two (2) Trading Days prior to the Filing Date or by the end of the fourth (4th) Trading Day following the date on which such Holder receives draft materials in accordance with this Section.

(b) (i) Prepare and file with the Commission such amendments, including post-effective amendments and supplements, to each Registration Statement and the Prospectus used in connection therewith as may be necessary to keep a Registration Statement continuously effective as to the applicable Registrable Securities for the applicable Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities, (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement (subject to the terms of this Agreement), and, as so supplemented or amended, to be filed pursuant to Rule 424, (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to a Registration Statement or any amendment thereto and provide as promptly as reasonably possible to the Holders true and complete copies of all correspondence from and to the Commission relating to a Registration Statement, and (iv) comply in all material respects with the applicable provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by a Registration Statement during the applicable period in accordance (subject to the terms of this Agreement) with the intended methods of disposition by the Holders thereof set forth in such Registration Statement as so amended or in such Prospectus as so supplemented. In the case of amendments and supplements to a Registration Statement which are required to be filed pursuant to this Agreement (including pursuant to this Section 3(b)) by reason of the Company filing a report on Form 10-K, Form 10-Q or Form 8-K or any analogous report under the Exchange Act, the Company shall have incorporated such report by reference into such Registration Statement, if applicable, or shall file such amendments or supplements with the Commission on the same day on which the Exchange Act report which created the requirement for the Company to amend or supplement such Registration Statement was filed.

(c) If during the Effectiveness Period, the number of Registrable Securities at any time exceeds 100% of the number of shares of Common Stock then registered in a Registration Statement, then the Company shall file as soon as reasonably practicable an additional Registration Statement covering the resale by the Holders of not less than the number of such Registrable Securities.

(d) Notify the Holders of Registrable Securities to be sold (which notice shall, pursuant to clauses (iii) through (vi) hereof, be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made) as promptly as reasonably possible (and, in the case of (i)(A) below, not less than one (1) Trading Day prior to such filing) and (if requested by any such Person) confirm such notice in writing no later than one (1) Trading Day following the day (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed, (B) when the Commission notifies the Company whether there will be a “review” of a Registration Statement and whenever the Commission comments in writing on such Registration Statement (in which case the Company shall provide to each of the Holders true and complete copies of all comments and all written responses thereto), and (C) with respect to a Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the Commission or any other federal or state governmental authority for amendments or supplements to a Registration Statement or Prospectus or for additional information, (iii) of the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose, (iv) of the receipt by

the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose, (v) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in a Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to a Registration Statement, Prospectus or other documents so that, in the case of a Registration Statement or the Prospectus or any amendment or supplement thereto, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, and (vi) of the occurrence or existence of any pending corporate development with respect to the Company that the Company believes is material and that, in the determination of the Company, makes it not in the best interest of the Company to allow continued availability of a Registration Statement or Prospectus.

(e) Use its reasonable best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order stopping or suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(f) Furnish to each Holder, without charge, at least one conformed copy of each such Registration Statement and Prospectus, and each amendment and supplement thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference to the extent requested by such Person, and all exhibits to the extent requested by such Person (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission; *provided*, that any such item which is available on the EDGAR system (or successor thereto) need not be furnished in physical form.

(g) Subject to the terms of this Agreement, the Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto, except after the giving of any notice pursuant to Section 3(d).

(h) The Company shall cooperate with any broker-dealer through which a Holder proposes to resell its Registrable Securities in effecting a filing with the FINRA Corporate Financing Department pursuant to FINRA Rule 5110, as requested by any such Holder, and the Company shall pay the filing fee required by such filing within five (5) Business Days of request therefor.

(i) Prior to any resale of Registrable Securities by a Holder, use its reasonable best efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the Registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by each Registration Statement; *provided*, that, the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject, or file a general consent to service of process in any such jurisdiction.

(j) If requested by a Holder, cooperate with such Holder to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to a Registration Statement, which certificates shall be free, to the extent permitted by the Purchase Agreement, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holder may request.

(k) Upon the occurrence of any event contemplated by Section 3(d), as promptly as reasonably possible under the circumstances taking into account the Company's good faith assessment of any adverse consequences to the Company and its stockholders of the premature disclosure of such event, prepare a supplement or amendment, including a post-effective amendment, to a Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither a Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading. If the Company notifies the Holders in accordance with clauses (iii) through (vi) of Section 3(d) above to suspend the use of any Prospectus until the requisite changes to such Prospectus have been made, then the Holders shall suspend use of such Prospectus. The Company will use its reasonable best efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable. The Company shall be entitled to exercise its right under this Section 3(k) to suspend the availability of a Registration Statement and Prospectus for a period not to exceed 60 calendar days (which need not be consecutive days) in any 12-month period, provided that such limitation shall not apply with respect to suspensions arising from notifications under clause (vi) of Section 3(d).

(l) Comply with all applicable rules and regulations of the Commission.

(m) The Company shall use its reasonable best efforts to maintain eligibility for use of Form S-3 (or any successor form thereto) for the registration of the resale of Registrable Securities.

(n) With respect to any Registration Statement other than the Initial Registration Statement, the Company may require each selling Holder to furnish to the Company a certified statement as to the number of shares of Common Stock beneficially owned by such Holder and, if required by the Commission, the natural persons thereof that have voting and dispositive control over the shares.

4. Registration Expenses. All fees and expenses incident to the performance of or compliance with, this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses of the Company's counsel and independent registered public accountants) (A) with respect to filings made with the Commission, (B) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed for trading, (C) in compliance with applicable state securities or Blue Sky laws reasonably agreed to by the Company in writing (including, without limitation, fees and disbursements of counsel for the Company in connection with Blue Sky qualifications or exemptions of the Registrable Securities), and (D) if not previously paid by the Company in connection with Section 3(h) above, with respect to any filing that may be required to be made by any broker through which a Holder intends to make sales of Registrable Securities with FINRA pursuant to FINRA Rule 5110, so long as the broker is receiving no more than a customary brokerage commission in connection with such sale), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is reasonably requested by the Holders of at least one third of the Registrable Securities included in the Registration Statement), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any broker or similar commissions of any Holder or, except to the extent provided for in the Transaction Documents, any legal fees or other costs of the Holders.

5. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, members, partners, agents, brokers (including brokers who offer and sell Registrable Securities as principal as a result of a pledge or any failure to perform under a margin call of Common Stock), Affiliates, investment advisors and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, members, stockholders, partners, agents and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and reasonable attorneys' fees) and expenses (collectively, "***Losses***"), as incurred, arising out of or relating to (1) any untrue or alleged untrue statement of a material fact contained in a Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading or (2) any violation or alleged violation by the Company of the

Securities Act, the Exchange Act or any state securities law, or any rule or regulation thereunder, in connection with the performance of its obligations under this Agreement, except to the extent, but only to the extent, that (i) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement, such Prospectus or in any amendment or supplement thereto (it being understood that the Holder has approved Annex A hereto for this purpose) or (ii) in the case of an occurrence of an event of the type specified in Section 3(d)(iii)-(vi), the use by such Holder of an outdated, defective or otherwise unavailable Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated, defective or otherwise unavailable for use by such Holder and prior to the receipt by such Holder of the Advice contemplated in Section 6(e), but only if and to the extent that following the receipt of the Advice the misstatement or omission giving rise to such Loss would have been corrected. The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding arising from or in connection with the transactions contemplated by this Agreement of which the Company is aware. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified person and shall survive the transfer of any Registrable Securities by any of the Holders in accordance with Section 6(h).

(b) Indemnification by Holders. Each Holder shall, severally as to such Holder's own actions or omissions and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, to the extent arising out of or based solely upon: (x) such Holder's failure to comply with any applicable prospectus delivery requirements of the Securities Act through no fault of the Company or (y) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading (i) to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company expressly for inclusion in such Registration Statement or such Prospectus or (ii) to the extent, but only to the extent, that such information relates to such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement (it being understood that the Holder has approved Annex A hereto for this purpose), such Prospectus or in any amendment or supplement thereto or (iii) in the case of an occurrence of an event of the type specified in Section 3(d)(iii)-(vi), to the extent, but only to the extent, related to the use by such Holder of an outdated, defective or otherwise unavailable Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated, defective or otherwise unavailable for use by such Holder and prior to the receipt by such Holder of the Advice contemplated in Section 6(e), but only if and to the extent that following the receipt of the Advice the misstatement or omission giving rise to such Loss would have been corrected. In no event shall the liability of any selling Holder under this Section 5(b) be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings.

(i) If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "***Indemnified Party***"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "***Indemnifying Party***") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that, the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have materially and adversely prejudiced the Indemnifying Party.

(ii) An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses, (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding, or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and counsel to the Indemnified Party shall reasonably believe that a material conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable fees and expenses of no more than one separate counsel (together with appropriate local counsel) shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld, delayed or conditioned. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

(iii) Subject to the terms of this Agreement, all reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten Trading Days of written notice thereof to the Indemnifying Party; *provided*, that, the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is finally judicially determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) not to be entitled to indemnification hereunder. The failure to deliver written notice to the Indemnifying Party within a reasonable time of the commencement of any such action shall not relieve such Indemnifying Party of any liability to the Indemnified Party under this Section 5, except and to the extent such failure materially prejudices the rights of such Indemnifying Party in connection with such proceeding.

(d) Contribution.

(i) If the indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Losses, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in this Agreement, any reasonable attorneys' or other fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

(ii) The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), (A) no Holder shall be required to contribute pursuant to this Section 5(d), in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission; and (B) no contribution will be made under circumstances where the maker of such contribution would not have been required to indemnify the Indemnified Party under the fault standards set forth in this Section 5. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(e) The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties and are not in diminution or limitation of the indemnification provisions under the Purchase Agreement, except that no party shall be entitled to recover duplicate amounts for the same loss under this Agreement and the Purchase Agreement.

6. Miscellaneous.

(a) Rule 144. With a view to making available to the Holders the benefits of Rule 144 and any other rule or regulation of the Commission that may at any time permit the Holders to sell Registrable Securities to the public without registration, as long as any Holder owns Registrable Securities, the Company shall use its reasonable best efforts to (i) timely file all reports required to be filed by the Company after the date hereof pursuant to Section 13(a) or 15(d) of the Exchange Act or, if the Company is not required to file reports pursuant to Section 13(a) or 15(d) of the Exchange Act, it will prepare and furnish to the Holders and make publicly available the information specified in Rule 144(c)(2) promulgated under the Securities Act, including, without limitation, annual and quarterly financial statements, together with a discussion and analysis of such financial statements in form and substance substantially similar to those that would otherwise be required to be included in reports required by Section 13(a) or 15(d) of the Exchange Act, as well as any other information required thereby, in the time period that such filings would have been required to have been made under the Exchange Act, and (ii) furnish to the Holder upon request, as long as such Holder owns any Registrable Securities, (A) a written statement by the Company, if true, that it has timely complied with the reporting requirements of Rule 144 and of the Securities Act and the Exchange Act, and (B) such other information as may be reasonably requested in order to avail such Holder of any rule or regulation of the Commission that permits the sale of any such Registrable Securities without registration.

(b) Remedies. In the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, shall be entitled to specific performance of its rights under this Agreement. Each of the Company and each Holder agrees that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

(c) No Piggyback on Registrations; Prohibition on Filing Other Registration Statements. Except as set forth on Schedule 6(c) attached hereto, neither the Company nor any of its security holders (other than the Holders in such capacity pursuant hereto) may include securities of the Company in any Registration Statements other than the Registrable Securities. The Company shall not file any other registration statements until all Registrable Securities are registered pursuant to a Registration Statement that is declared effective by the Commission, provided, that this Section 6(c) (i) shall not prohibit the Company from filing amendments to registration statements filed prior to the date of this Agreement and (ii) shall not prohibit the Company from filing a shelf registration statement on Form S-3 for a primary offering by the Company, provided, in each case, that the Company makes no offering of securities pursuant to such shelf registration statement prior to the effective date of the Registration Statement required hereunder that includes all of the Registrable Securities.

(d) Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it (unless an exemption therefrom is available) in connection with sales of Registrable Securities pursuant to a Registration Statement.

(e) Discontinued Disposition. By its acquisition of Registrable Securities, each Holder agrees that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(d)(iii) through (vi), such Holder will forthwith discontinue disposition of such Registrable Securities under a Registration Statement until it is advised in writing (the "***Advice***") by the Company that the use of the applicable Prospectus (as it may have been supplemented or amended) may be resumed. The Company will use its reasonable best efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable.

(f) Piggy-Back Registrations. If, at any time during the Effectiveness Period, there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with the Company's stock option or other employee benefit plans, then the Company shall deliver to each Holder a written notice of such determination and, if within fifteen (15) days after the date of the delivery of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities such Holder requests to be registered; *provided*, *however*, that the Company shall not be required to register any Registrable Securities pursuant to this Section 6(f) that are eligible for resale pursuant to Rule 144 promulgated by the Commission pursuant to the Securities Act (without volume restrictions or current public information requirements) or that are the subject of a then effective Registration Statement.

(g) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and the Holders of 67% or more of the then outstanding Registrable Securities (for purposes of clarification, this includes any Registrable Securities issuable upon exercise or conversion of any Security). If a Registration Statement does not register all of the Registrable Securities pursuant to a waiver or amendment done in compliance with the previous sentence, then the number of Registrable Securities to be registered for each Holder shall be reduced pro rata among all Holders and each Holder shall have the right to designate which of its Registrable Securities shall be omitted from such Registration Statement. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of a Holder or some Holders and that does not directly or indirectly affect the rights of other Holders may be given only by such Holder or Holders of all of the Registrable Securities to which such waiver or consent relates; *provided*, *however*, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the first sentence of this Section 6(g). No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of this Agreement unless the same consideration also is offered to all of the parties to this Agreement.

(h) Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be delivered as set forth in the Purchase Agreement.

(i) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign (except by merger) its rights or obligations hereunder without the prior written consent of all of the Holders of the then outstanding Registrable Securities. Each Holder may assign their respective rights hereunder in the manner and to the Persons as permitted under Section 5.6 of the Purchase Agreement.

(j) No Inconsistent Agreements. Neither the Company nor any of its Subsidiaries has entered, as of the date hereof, nor shall the Company or any of its Subsidiaries, on or after the date of this Agreement, enter into any agreement with respect to its securities, that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. Except as set forth on Schedule 6(j) attached hereto, neither the Company nor any of its Subsidiaries has previously entered into any agreement granting any registration rights with respect to any of its securities to any Person that have not been satisfied in full.

(k) Execution and Counterparts. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

(l) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be determined in accordance with the provisions of the Purchase Agreement.

(m) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any other remedies provided by law.

(n) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(o) Headings. The headings in this Agreement are for convenience only, do not constitute a part of the Agreement and shall not be deemed to limit or affect any of the provisions hereof.

(p) Independent Nature of Holders' Obligations and Rights. The obligations of each Holder hereunder are several and not joint with the obligations of any other Holder hereunder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder hereunder. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Holder pursuant hereto or thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Holders are in any way acting in concert or as a group or entity with respect to such obligations or the transactions contemplated by this Agreement or any other matters, and the Company acknowledges that the Holders are not acting in concert or as a group, and the Company shall not assert any such claim, with respect to such obligations or transactions. Each Holder shall be entitled to protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose. The use of a single agreement with respect to the obligations of the Company contained was solely in the control of the Company, not the action or decision of any Holder, and was done solely for the convenience of the Company and not because it was required or requested to do so by any Holder. It is expressly understood and agreed that each provision contained in this Agreement is between the Company and a Holder, solely, and not between the Company and the Holders collectively and not between and among Holders.

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(Signature Pages Follow)

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

Company:

STREAMLINE HEALTH SOLUTIONS, INC.

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

Purchasers:

BIOMEDICAL VALUE FUND, L.P.

By: Great Point Partners, LLC, its investment manager

By: /s/ David E. Kroin
Name: David E. Kroin
Title: Managing Director

BIOMEDICAL INSTITUTIONAL VALUE FUND, L.P.

By: Great Point Partners, LLC, its investment manager

By: /s/ David E. Kroin
Name: David E. Kroin
Title: Managing Director

BIOMEDICAL OFFSHORE VALUE FUND, LTD.

By: Great Point Partners, LLC, its investment manager

By: /s/ David E. Kroin
Name: David E. Kroin
Title: Managing Director

WS INVESTMENTS III, LLC

By: Great Point Partners, LLC, its investment manager

By: /s/ David E. Kroin
Name: David E. Kroin
Title: Managing Director

DAVID J. MORRISON

By: Great Point Partners, LLC, its investment manager

By: /s/ David E. Kroin
Name: David E. Kroin
Title: Managing Director

CLASS D SERIES OF GEF-PS, L.P.

By: Great Point Partners, LLC, its investment manager

By: /s/ David E. Kroin
Name: David E. Kroin
Title: Managing Director

LYRICAL MULTI-MANAGER FUND, L.P.

By: Great Point Partners, LLC, its investment manager

By: /s/ David E. Kroin
Name: David E. Kroin
Title: Managing Director

LYRICAL MULTI-MANAGER OFFSHORE FUND, LTD.

By: Great Point Partners, LLC, its investment manager

By: /s/ David E. Kroin
Name: David E. Kroin
Title: Managing Director

NORO-MOSELEY PARTNERS VI, L.P.

By: Moseley and Company VI, LLC,
its general partner

By: /s/ Allen Moseley
Name: Allen Moseley
Title: Class A Member

/s/ Charles Moseley
Charles Moseley

ANNEX A

Plan of Distribution

Each Selling Stockholder (the "***Selling Stockholders***") of the securities and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their securities covered hereby on the principal Trading Market or any other stock exchange, market or trading facility on which the securities are traded or in private transactions. These sales may be at fixed or negotiated prices. A Selling Stockholder may use any one or more of the following methods when selling securities:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;
- in transactions through broker-dealers that agree with the Selling Stockholders to sell a specified number of such securities at a stipulated price per security;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The Selling Stockholders may also sell securities under Rule 144 under the Securities Act of 1933, as amended (the "***Securities Act***"), if available, rather than under this prospectus.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the purchaser of securities, from the purchaser) in amounts to be negotiated, but, except as set forth in a supplement to this Prospectus, in the case of an agency transaction not in excess of a customary brokerage commission in compliance with FINRA Rule 2440; and in the case of a principal transaction a markup or markdown in compliance with FINRA IM-2440.

In connection with the sale of the securities or interests therein, the Selling Stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the securities in the course of hedging the positions they assume. The Selling Shareholders may also, to the extent permitted under Rule 105 of Regulation M, sell shares of their common stock short and deliver these securities to close out their short positions, or loan or pledge shares of their common stock to broker-dealers that in turn may sell these securities. The Selling Stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or create one or more derivative securities which require the delivery to such broker-dealer or other financial institution of securities offered by this prospectus, which securities such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The Selling Stockholders and any broker-dealers or agents that are involved in selling the securities may be deemed to be “underwriters” within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the securities purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Each Selling Stockholder has informed the Company that it does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the securities. In no event shall any broker-dealer receive fees, commissions and markups which, in the aggregate, would exceed eight percent (8%).

The Company is required to pay certain fees and expenses incurred by the Company incident to the registration of the securities. The Company has agreed to indemnify the Selling Stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

Because Selling Stockholders may be deemed to be “underwriters” within the meaning of the Securities Act, they will be subject to the prospectus delivery requirements of the Securities Act including Rule 172 thereunder. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act may be sold under Rule 144 rather than under this prospectus. The Selling Stockholders have advised us that there is no underwriter or coordinating broker acting in connection with the proposed sale of the resale securities by the Selling Stockholders.

We agreed to keep this prospectus effective until the earlier of (i) August 16, 2015, (ii) the date on which the securities may be resold by the Selling Stockholders without registration and without regard to any volume or manner-of-sale limitations by reason of Rule 144, without the requirement for the Company to be in compliance with the current public information under Rule 144 under the Securities Act or any other rule of similar effect or (iii) the date on which all of the securities have been sold pursuant to this prospectus or Rule 144 under the Securities Act or any other rule of similar effect. The resale securities will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale securities covered hereby may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the resale securities may not simultaneously engage in market making activities with respect to the common stock for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the Selling Stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of securities of the common stock by the Selling Stockholders or any other person. We will make copies of this prospectus available to the Selling Stockholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale (including by compliance with Rule 172 under the Securities Act).

Annex B

STREAMLINE HEALTH SOLUTIONS, INC.

Selling Stockholder Notice and Questionnaire

The undersigned beneficial owner of common stock (the "***Registrable Securities***") of Streamline Health Solutions, Inc., a Delaware corporation (the "***Company***"), understands that the Company has filed or intends to file with the Securities and Exchange Commission (the "***Commission***") a registration statement (the "***Registration Statement***") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "***Securities Act***"), of the Registrable Securities, in accordance with the terms of the Registration Rights Agreement (the "***Registration Rights Agreement***") to which this document is annexed. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

Certain legal consequences arise from being named as a selling stockholder in the Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling stockholder in the Registration Statement and the related prospectus.

NOTICE

The undersigned beneficial owner (the "***Selling Stockholder***") of Registrable Securities hereby elects to include the Registrable Securities owned by it in the Registration Statement. The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. Name.

(a) Full Legal Name of Selling Stockholder: _____

(b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities are held: _____

(c) Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by this Questionnaire): _____

2. Address for Notices to Selling Stockholder:

Telephone:
Fax:
Contact Person:

3. Broker-Dealer Status:

(a) Are you a broker-dealer? Yes No

(b) If "yes" to Section 3(a), did you receive your Registrable Securities as compensation for investment banking services to the Company? Yes No

Note: If "no" to Section 3(b), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(c) Are you an affiliate of a broker-dealer? Yes No

(d) If you are an affiliate of a broker-dealer, do you certify that you purchased the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities? Yes No

Note: If "no" to Section 3(d), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

4. Beneficial Ownership of Securities of the Company Owned by the Selling Stockholder.

Except as set forth below in this Item 4, the undersigned is not the beneficial or registered owner of any securities of the Company other than the securities issuable pursuant to the Purchase Agreement.

(a) Type and Amount of other securities beneficially owned by the Selling Stockholder:

5. Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here: _____

_____

_____

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Registration Statement remains effective.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 5 and the inclusion of such information in the Registration Statement and the related prospectus and any amendments or supplements thereto. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus and any amendments or supplements thereto.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Date:

Beneficial Owner:

Name: _____

By: _____
Name: _____
Title: _____

PLEASE FAX A COPY (OR EMAIL A .PDF COPY) OF THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE, AND RETURN THE ORIGINAL BY OVERNIGHT MAIL, TO THE COMPANY

STREAMLINE HEALTH SOLUTIONS, INC.

**CERTIFICATE OF DESIGNATION OF PREFERENCES,
RIGHTS AND LIMITATIONS
OF
SERIES A 0% CONVERTIBLE PREFERRED STOCK**

PURSUANT TO SECTION 151 OF THE
DELAWARE GENERAL CORPORATION LAW

The undersigned, Robert E. Watson and Stephen H. Murdock, do hereby certify that:

1. They are the President and Corporate Secretary, respectively, of Streamline Health Solutions, Inc., a Delaware corporation (the "***Corporation***").

2. The Corporation is authorized to issue 5,000,000 shares of preferred stock, of which no shares have been issued.

3. The following resolutions were duly adopted by the board of directors of the Corporation (the "***Board of Directors***"):

WHEREAS, the certificate of incorporation of the Corporation provides for a class of its authorized stock known as preferred stock, consisting of 5,000,000 shares, $0.01 par value per share, issuable from time to time in one or more series;

WHEREAS, the Board of Directors is authorized to fix the dividend rights, dividend rate, voting rights, conversion rights, rights and terms of redemption and liquidation preferences of any wholly unissued series of preferred stock and the number of shares constituting any series and the designation thereof, of any of them; and

WHEREAS, it is the desire of the Board of Directors, pursuant to its authority as aforesaid, to fix the rights, preferences, restrictions and other matters relating to a series of the preferred stock, which shall consist of 4,000,000 shares of the preferred stock which the Corporation has the authority to issue, as follows:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby provide for the issuance of a series of preferred stock for cash or exchange of other securities, rights or property and does hereby fix and determine the rights, preferences, restrictions and other matters relating to such series of preferred stock as follows:

TERMS OF PREFERRED STOCK

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

"***Affiliate***" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 of the Securities Act.

"***Alternate Consideration***" shall have the meaning set forth in Section 8(b).

"***Business Day***" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of Ohio are authorized or required by law or other governmental action to close.

"***Closing***" means the closing of the purchase and sale of the securities pursuant to Section 2.1 of the Purchase Agreement.

"***Closing Date***" means the Trading Day on which all of the Transaction Documents have been executed and delivered by the applicable parties thereto and all conditions precedent to (i) each Holder's obligations to pay the Subscription Amount and (ii) the Corporation's obligations to deliver the securities pursuant to the Purchase Agreement have been satisfied or waived.

"***Closing Sale Price***" means, for any security as of any date, the last closing trade price for such security prior to 4:00 p.m., New York City time, on the principal Trading Market, as reported by Bloomberg, L.P. (or an equivalent, reliable reporting service mutually acceptable to and hereafter designated by the Holders of at least sixty-seven percent (67%) of the then outstanding shares of the Preferred Stock and the Corporation), or if the foregoing do not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, L.P. (or such equivalent reporting service), or, if no last trade price is reported for such security by Bloomberg, L.P. (or such equivalent reporting service), the average of the bid prices of any market makers for such security as reported on the OTC Pink Market by OTC Markets Group, Inc. If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as determined in good faith by the Board of Directors of the Corporation.

"***Commission***" means the United States Securities and Exchange Commission.

"***Common Stock***" means the Corporation's common stock, par value $0.01 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

"***Common Stock Equivalents***" means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"***Conversion Date***" shall have the meaning set forth in Section 6(a).

"***Conversion Price***" shall have the meaning set forth in Section 6(c).

"***Conversion Shares***" means, collectively, the shares of Common Stock issuable upon conversion of the shares of Preferred Stock in accordance with the terms hereof.

"***Daily Failure Amount***" means the product of (x) .005 multiplied by (y) the Closing Sale Price of the Common Stock on the applicable Share Delivery Date.

"***Delaware Courts***" shall have the meaning set forth in Section 9(c).

"***Effective Date***" means the date that the initial Registration Statement filed by the Corporation pursuant to the Registration Rights Agreement is first declared effective by the Commission.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"***Forced Conversion Trigger***" means the contemporaneous occurrence of all of the following conditions: (a) the principal Trading Market on which the Common Stock is then listed is the NYSE AMEX, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange (or any successors to any of the foregoing); (b) the arithmetic average of the daily volume weighted average price of the Common Stock for the ten (10) day period immediately prior to such measurement date on the principal Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (or an equivalent, reliable reporting service mutually acceptable to and hereafter designated by the Holders of at least sixty-seven percent (67%) of the then outstanding shares of the Preferred Stock and the Corporation) is greater than $8.00 per share (adjusted in proportion to and under the same circumstances as the Conversion Price is adjusted as provided herein); (c) the average daily trading volume for the sixty (60) day period immediately prior to such measurement date as reported by Bloomberg L.P. (or such equivalent reporting service) exceeds 100,000 shares (as such number (or such number as may have been previously adjusted pursuant to this parenthetical) shall be adjusted to reflect any stock splits, stock dividends or like events by multiplying such number (or such number as may have been previously adjusted) by a fraction of which the numerator shall be the number of shares of Common Stock outstanding immediately after such event and the denominator shall be the number of shares of Common Stock outstanding immediately before such event, in each case, excluding any treasury shares of the Corporation); and (d) the Corporation is listed in good compliance by the principal Trading Market.

"***Fundamental Transaction***" shall have the meaning set forth in Section 8(b).

"***GAAP***" means United States generally accepted accounting principles.

"***Holder***" shall have the meaning given such term in Section 2.

"***Initial Issuance Price***" shall mean $3.00 per share.

"***Junior Securities***" means the Common Stock and all other Common Stock Equivalents of the Corporation other than those securities which are explicitly senior or pari passu to the Preferred Stock in dividend rights or liquidation preference.

"***Liens***" means a lien, charge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

"***Liquidation***" shall have the meaning set forth in Section 5.

"***Modified Converted Basis***" means, with respect to each Holder, the total number of shares of Preferred Stock held by such Holder multiplied by 75%, rounded down to the nearest whole share.

"***Notice of Conversion***" shall have the meaning set forth in Section 6(a).

"***Notice of Redemption***" shall have the meaning set forth in Section 7(a).

"***Original Issue Date***" means the date of the first issuance of any shares of the Preferred Stock regardless of the number of transfers of any particular shares of Preferred Stock and regardless of the number of certificates which may be issued to evidence such Preferred Stock.

"***Person***" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"***Preferred Stock***" shall have the meaning set forth in Section 2.

"***Purchase Agreement***" means the Securities Purchase Agreement, dated as of the Original Issue Date, among the Corporation and the original Holders, as amended, modified or supplemented from time to time in accordance with its terms.

"***Purchase Rights***" shall have the meaning set forth in Section 8(c).

"***Redemption Date***" shall have the meaning set forth in Section 7(a).

"***Registration Rights Agreement***" means the Registration Rights Agreement, dated as of the Original Issue Date, among the Corporation and the original Holders.

"***Registration Statement***" means a registration statement meeting the requirements set forth in the Registration Rights Agreement and covering the resale of the Conversion Shares by each Holder as provided for in the Registration Rights Agreement.

"***Securities Act***" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"***Share Delivery Date***" shall have the meaning set forth in Section 6(d).

"***Subscription Amount***" shall mean, as to each Holder, the aggregate amount to be paid for the Preferred Stock purchased pursuant to the Purchase Agreement as specified below such Holder's name on the signature page of the Purchase Agreement and next to the heading "Subscription Amount," in United States dollars and in immediately available funds.

"***Subsidiary***" means any subsidiary of the Corporation as set forth on Schedule 3.1(a) of the Purchase Agreement and shall, where applicable, also include any direct or indirect subsidiary of the Corporation formed or acquired after the date of the Purchase Agreement.

"***Successor Entity***" shall have the meaning set forth in Section 8(b).

"***Trading Day***" means a day on which the principal Trading Market is open for business.

"***Trading Market***" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE AMEX, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange or the OTC Bulletin Board (or any successors to any of the foregoing).

"***Transaction Documents***" shall have the meaning set forth in the Purchase Agreement.

Section 2. Designation, Amount and Par Value. The series of preferred stock shall be designated as the Corporation's Series A 0% Convertible Preferred Stock (the "***Preferred Stock***") and the number of shares so designated shall be 4,000,000 (which shall not be subject to increase without the written consent of all of the holders of the Preferred Stock (each, a "***Holder***" and collectively, the "***Holders***")). Each share of Preferred Stock shall have a par value of $0.01 per share.

Section 3. Dividends.

a) Dividends. Holders shall be entitled to receive, and the Corporation shall pay, dividends on shares of Preferred Stock equal (on an as-if-converted-to-Common-Stock basis) to and in the same form as dividends (other than dividends in the form of Common Stock) actually paid on shares of the Common Stock contemporaneously when, as and if such dividends (other than dividends in the form of Common Stock) are paid on shares of the Common Stock. Other than as set forth in the previous sentence, no other dividends shall be paid on shares of Preferred Stock; and the Corporation shall pay no dividends (other than dividends in the form of Common Stock) on shares of the Common Stock unless it simultaneously complies with the previous sentence.

b) Other Securities. So long as any Preferred Stock shall remain outstanding, the Corporation shall not redeem, purchase or otherwise acquire directly or indirectly more than a de minimis amount of any Junior Securities other than as to repurchases of Common Stock or Common Stock Equivalents from departing officers or directors; *provided* that, while any of the Preferred Stock remains outstanding, such repurchases shall not exceed an aggregate of $200,000 in any fiscal year from all officers and directors.

Section 4. Voting Rights. Except as otherwise provided herein or as otherwise required by law, the Preferred Stock of each Holder shall vote on a Modified Converted Basis with the Common Stock and shall not vote separately as a class; provided, however, that, in any particular ballot, no Holder who has not waived the application of the Beneficial Ownership Limitation to such Holder may vote shares of Preferred Stock to the extent that the number of shares of Preferred Stock to be voted by such Holder, when taken together with the number of other shares of Common Stock or Preferred Stock to be voted by such Holder in such ballot and the number of shares of Common Stock underlying Common Stock Equivalents held by such Holder as of the date of such ballot that are convertible into or exchangeable for Common Stock within 60 days of such ballot divided by the number of all shares of Common Stock eligible to vote in such ballot, would exceed the Maximum Percentage (as hereinafter defined). However, as long as any shares of Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote of the Holders of at least sixty-seven percent (67%) of the then outstanding shares of the Preferred Stock, (a) alter or change adversely the powers, preferences or rights given to the Preferred Stock or alter or amend this Certificate of Designation, (b) authorize, create, offer or sell any class of stock ranking, as to any terms (including, without limitation, dividends, redemption or distribution of assets upon a Liquidation (as defined in Section 5)), pari passu with or senior to the Preferred Stock, (c) offer or sell any debt securities that are senior in payment to the Preferred Stock, (d) effect a stock split or reverse stock split of the Preferred Stock or any like event, (e) amend its certificate of incorporation or other charter documents in any manner that adversely affects any rights of the Holders, (f) increase the number of authorized shares of Preferred Stock, or (g) enter into any agreement with respect to any of the foregoing; provided, however, if no Convertible Note (as defined in the Purchase Agreement) remains issued and outstanding and if less than five percent (5%) of the aggregate total shares of Preferred Stock that were ever issued and outstanding remain issued and outstanding, then, anything contained in clauses (b), (c), (e) or (g) of this sentence to the contrary notwithstanding, the Corporation shall have the right, without the affirmative vote or consent of any Holder, to (w) authorize, create, offer or sell any class of stock ranking, as to any terms, pari passu with or senior to the Preferred Stock, (x) offer or sell any debt securities that are senior in payment to the Preferred Stock, (y) amend its certificate of incorporation or other charter documents (other than this Certificate of Designation) to effect the provisions of the foregoing clauses (w) or (x), and (z) enter into any agreement with respect to any of the foregoing clauses (w), (x) and (y).

Section 5. Liquidation. Upon liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary (a "***Liquidation***"), the Holders shall be entitled to receive, in preference to any distributions of any of the assets or surplus funds of the Corporation legally available for distribution to the holders of the Junior Securities, an amount equal to the greater of (i) the Initial Issue Price per share, with respect to each share of Preferred Stock, plus accrued and unpaid dividends thereon then due and owing thereon under this Certificate of Designation, if any, and (ii) an amount per share of Preferred Stock, with respect to each share of Preferred Stock, equal to the amount which the holder thereof would be entitled upon liquidation, dissolution or winding up of the Corporation had such share of Preferred Stock been converted into Common Stock immediately prior to such liquidation, dissolution or winding up. If the assets of the Corporation shall be insufficient to pay in full such amounts, then the entire assets to be distributed to the Holders shall be ratably distributed among the Holders in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full. A Fundamental Transaction shall not be deemed to be a Liquidation; provided however, that a Fundamental Transaction resulting in the Corporation's stockholders beneficially owning or controlling a majority of the issued and outstanding voting securities of the Corporation immediately prior to the transaction beneficially owning or controlling less than a majority of the voting securities of the Corporation or any successor entity to the Corporation immediately following such Fundamental Transaction shall be deemed to be a Liquidation for purposes of this Section 5 if within 30 days after delivery of written notice of such Fundamental Transaction by the Corporation to the Holders, the Holders of at least sixty-seven percent (67%) of the then outstanding shares of the Preferred Stock provide the Corporation with written notice that such Fundamental Transaction shall be deemed a Liquidation for purposes of this Section 5. The Corporation shall give each Holder written notice of any such Fundamental Transaction within three (3) Trading Days following the occurrence thereof.

Section 6. Conversion.

a) Conversions at Option of Holder. Each share of Preferred Stock shall be convertible, at any time and from time to time from and after the Original Issue Date at the option of the Holder thereof, into that number of shares of Common Stock determined by dividing the Initial Issuance Price of such share of Preferred Stock by the Conversion Price. Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as Annex A (a "***Notice of Conversion***"). Notices of Conversion shall be effective upon delivery by the Holder of a duly executed copy of the Notice of Conversion Form annexed hereto sent by facsimile or as a scanned e-mail attachment to the e-mail address provided by the Corporation to the Holder and no notarization, medallion stamp guarantee, guarantee or other requirement shall be required of the Holder to effect conversions of the Preferred Stock hereunder. Each Notice of Conversion shall specify the number of shares of Preferred Stock to be converted, the number of shares of Preferred Stock owned prior to the conversion at issue, the number of shares of Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by facsimile such Notice of Conversion to the Corporation (such date, the "***Conversion Date***"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Corporation is deemed delivered hereunder. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. To effect conversions of shares of Preferred Stock, a Holder shall be required to surrender the certificate(s) representing the shares of Preferred Stock to the Corporation.

b) Forced Conversion by the Corporation. At any time following a Forced Conversion Trigger (but only for so long as all of the conditions in the definition of "Forced Conversion Trigger" remain satisfied), the Corporation shall have the right to convert all shares of Preferred Stock then outstanding into that number of shares of Common Stock determined by dividing the Initial Issuance Price of such shares of Preferred Stock by the Conversion Price. The Corporation shall effect such conversion by providing the Holders with written notice (a "***Notice of Forced Conversion***") sent by facsimile or as a scanned e-mail attachment to the e-mail address provided to the Corporation by each Holder and (i) stating that the Forced Conversion Triggers have been satisfied, (ii) specifying the then applicable Conversion Price of the Preferred Stock, the number of shares of Preferred Stock owned prior to the conversion, and the number of shares of Common Stock to be received as a result of such conversion, and (iii) the date on which such conversion shall be consummated. The calculations and entries set forth in the Corporation's notice shall control in the absence of manifest or mathematical error. From and after the date of issuance of such notice by the Corporation, the shares of Preferred Stock shall be null and void and only represent the right to receive the shares of Common Stock due upon conversion thereof. The Corporation shall issue the shares of Common Stock promptly following surrender by the Holder of the certificate(s) representing the shares of Preferred Stock to the Corporation. Notwithstanding the foregoing, at any time that a Holder is subject to the limitation in Section 6(d) below, the Conversion Date under this Section 6(b) with respect to such Holder shall not be sooner than 90 days from the date of delivery by the Corporation of the Notice of Forced Conversion.

c) Conversion Price. The conversion price for the Preferred Stock shall equal $3.00, subject to adjustment as provided herein (the "***Conversion Price***").

d) Beneficial Ownership Limitation. Notwithstanding anything herein to the contrary, the Corporation shall not effect any conversion of the Preferred Stock, and a Holder shall not have the right to convert any portion of the Preferred Stock, to the extent that, after giving effect to an attempted conversion set forth on an applicable Notice of Conversion, such Holder (together with such Holder's Affiliates, and any other Person whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act and the applicable regulations of the Commission, including any "group" (a "***Group***") of which the Holder is a member) would beneficially own a number of shares of Common Stock in excess of the Beneficial Ownership Limitation (as defined below); provided, however, that the Beneficial Ownership Limitation shall not apply with respect to the issuance of shares of Common Stock upon conversion of Preferred Stock in connection with, and from immediately prior to the consummation of, a Fundamental Transaction in which the Corporation is not the surviving entity to the extent that the number of shares beneficially owned in a Successor Entity by the Holder, its Affiliates and any Group of which the Holder is a member immediately following consummation of such Fundamental Transaction would not exceed the Maximum Percentage (as defined below) of any class of equity securities registered under the Exchange Act of the Successor Entity or of a surviving entity's parent. For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its Affiliates and any Group of which the Holder is a member shall include the number of shares of Common Stock issuable upon conversion of the Preferred Stock subject to the Notice of Conversion with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (A) conversion of the remaining, unconverted Preferred Stock beneficially owned by such Holder or any of its Affiliates or any member of any Group of which the Holder is a member, and (B) exercise or conversion of the unexercised or unconverted portion of any other Common Stock Equivalents beneficially owned by such Holder or any of its Affiliates or any member of any Group of which the Holder is a member that are subject to a limitation on conversion or exercise similar to the limitation contained herein. Except as set forth in the preceding sentence, for purposes of this Section 6(d), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the applicable regulations of the Commission. For purposes of this Section 6(d), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (A) the Corporation's most recent periodic or annual filing with the Commission, as the case may be, (B) a more recent public announcement by the Corporation or (C) a more recent notice by the Corporation or the Corporation's transfer agent to the Holder setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder (which may be by electronic mail), the Corporation shall, within

two (2) Trading Days thereof, confirm orally and in writing to such Holder (which may be by electronic mail) the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to any actual conversion or exercise of securities of the Corporation, including shares of Preferred Stock, by such Holder or any of its Affiliates or any member of any Group of which the Holder is a member since the date as of which such number of outstanding shares of Common Stock was last publicly reported or confirmed to the Holder. The "***Beneficial Ownership Limitation***" shall be 9.985% (as such percentage, upon not less than 61 days' prior notice to the Corporation, may be increased or decreased pursuant to the following sentence, the "***Maximum Percentage***") of the number of shares of Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock pursuant to such Notice of Conversion (to the extent permitted pursuant to this Section 6(d)). A Holder may from time to time increase or decrease the Maximum Percentage of the Beneficial Ownership Limitation to any other percentage; provided, that any such increase or decrease (i) will not be effective until the sixty-first (61st) day after such notice is delivered to the Corporation and (ii) will apply only to such Holder. A purchaser of shares of Preferred Stock may waive the application of the Beneficial Ownership Limitation as it applies to such Person altogether by providing the Corporation with notice of such waiver prior to the shares of Preferred Stock being issued to such Person. The Corporation shall be entitled to rely on representations made to it by a Holder in any Notice of Conversion regarding its Beneficial Ownership Limitation. Nothing in this Section 6(d) shall limit, modify or otherwise affect the rights and obligations of the parties set forth in Section 6(b).

e) Mechanics of Conversion.

i. Delivery of Conversion Shares Upon Conversion. Not later than three (3) Trading Days following each Conversion Date (the "***Share Delivery Date***"), the Corporation shall use best efforts to deliver, or cause to be delivered, to the converting Holder a certificate or certificates (which certificate on or after the earlier of (A) the six month anniversary of the Original Issue Date or (B) the Effective Date, shall be free of restrictive legends and trading restrictions (other than those which may then be required by the Purchase Agreement)) representing the number of Conversion Shares being acquired upon the conversion of the Preferred Stock. On or after the earlier of (x) the six month anniversary of the Original Issue Date or (y) the Effective Date, the Corporation shall use commercially reasonable efforts to deliver, not later than three (3) Trading Days following the applicable Conversion Date, any certificate or certificates required to be delivered by the Corporation under this Section 6 electronically through the Depository Trust Corporation DWAC system or another established clearing corporation performing similar functions (a "***DWAC Delivery***").

ii. Failure to Deliver Conversion Shares. If, in the case of any Notice of Conversion or any Notice of Forced Conversion, such Conversion Shares are not delivered to or as directed by the applicable Holder by the second (2nd) Trading Day following the Share Delivery Date, the Holder shall be entitled to elect by written notice to the Corporation, at any time on or before its receipt of such Conversion Shares, to rescind such Conversion, in which event the Corporation shall promptly return to the Holder any original Preferred Stock certificate delivered to the Corporation and the Holder shall promptly return to the Corporation the Conversion Shares issued to such Holder pursuant to the rescinded Notice of Conversion or Notice of Forced Conversion, as the case may be.

iii. Obligation Absolute. Subject to Section 6(d) hereof and subject to Holder's right to rescind a Notice of Conversion or Notice of Forced Conversion pursuant to Section 6(e)(ii) above, the Corporation's obligation to issue and deliver the Conversion Shares upon conversion of Preferred Stock effected in accordance with Section 6(a) or 6(b) and the other terms hereof are absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by such Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to such Holder in connection with the issuance of such Conversion Shares; *provided*, *however*, that such delivery shall not operate as a waiver by the Corporation of any such action that the Corporation may have against such Holder. Subject to Section 6(d) hereof and subject to Holder's right to rescind a Notice of Conversion or Notice of Forced Conversion pursuant to Section 6(e)(ii) above, in the event a Holder shall elect to convert any or all of its Preferred Stock pursuant to Section 6(a) or the Corporation shall elect to convert all of a Holder's Preferred Stock pursuant to Section 6(b), the Corporation may not refuse conversion based on any claim that such Holder or anyone associated or affiliated with such Holder has been engaged in any violation of law, agreement or for any other reason, unless (i) an injunction from a court, issued only after Holder shall have received notice and an opportunity to appear in the relevant proceeding, restraining and/or enjoining conversion of all or part of the Preferred Stock of such Holder shall have been sought and obtained, and (ii) the Corporation posts a surety bond for the benefit of such Holder in the amount of 150% of the value of the Conversion Shares into which would be converted the Preferred Stock which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute. In the absence of such injunction, the Corporation shall, subject to Section 6(d) hereof and subject to Holder's right to rescind a Notice of Conversion or Notice of Forced Conversion pursuant to Section 6(e)(ii) above, issue Conversion Shares upon an election by a Holder to convert properly made pursuant to Section 6(a) hereof or upon an election by the Corporation to convert properly made pursuant to Section 6(b). If the Corporation fails to deliver to such Holder such certificate or certificates, or electronically deliver (or cause its transfer agent to electronically deliver) such shares in the case of a DWAC Delivery, pursuant to Section 6(e)(ii) on or prior to the fifth (5th) Trading Day after the Share Delivery Date applicable to such conversion (other than a failure caused by

incorrect or incomplete information provided by Holder to the Corporation), then, unless the Holder has rescinded the applicable Notice of Conversion or Notice of Forced Conversion in whole pursuant to Section 6(e)(ii) above, the Corporation shall pay (as liquidated damages and not as a penalty) to such Holder an amount payable, at the Corporation's option, either (a) in cash or (b) in shares of Common Stock that are valued for these purposes at 90% of the Closing Sale Price on fifth (5^{th}) Trading Day after the Share Delivery Date, in each case equal to the product of (x) the number of Conversion Shares less any shares of Preferred Stock subject to a partial rescission pursuant to Section 6(e)(ii) required to have been issued by the Corporation on such Share Delivery Date, (y) an amount equal to the Daily Failure Amount and (z) the number of Trading Days actually lapsed after such fifth (5th) Trading Day after the Share Delivery Date during which such certificates have not been delivered, or, in the case of a DWAC Delivery, such shares have not been electronically delivered; provided, however, the Corporation may pay Holder in shares of Common Stock only up to such amount of shares of Common Stock such that Holder and any other persons or entities whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act (including shares held by any Group of which the Holder is a member, but excluding shares beneficially owned by virtue of the ownership of securities or rights to acquire securities that have limitations on the right to convert, exercise or purchase similar to the limitation set forth herein) shall not collectively beneficially own greater than the Beneficial Ownership Limitation. Nothing herein shall limit a Holder's right to pursue actual damages for the Corporation's failure to deliver Conversion Shares less any shares of Preferred Stock subject to a partial rescission pursuant to Section 6(e)(ii) within the period specified herein and such Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit a Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

iv. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Conversion. If the Corporation fails to deliver to a Holder the applicable certificate or certificates or to effect a DWAC Delivery, as applicable, by the Share Delivery Date pursuant to Section 6(e)(ii) (other than a failure caused by incorrect or incomplete information provided by Holder to the Corporation), and if after such Share Delivery Date such Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by such Holder of the Conversion Shares less any shares of Preferred Stock subject to a partial rescission pursuant to Section 6(e)(ii) which such Holder was entitled to receive upon the conversion relating to such Share Delivery Date (a "***Buy-In***"), then the Corporation shall (A) pay in cash to such Holder (in addition to any other remedies available to or elected by such Holder) the amount by which (x) such Holder's total purchase price (including any brokerage commissions) for the shares of Common Stock so purchased pursuant to such Buy-In exceeds (y) the product of (1) the number of shares of Common Stock subject to such Buy-In multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of such Holder, either reissue (if surrendered) the shares of Preferred Stock equal to the number of shares of Preferred Stock

submitted for conversion or deliver to such Holder the number of shares of Common Stock that would have been issued if the Corporation had timely complied with its delivery requirements under Section 6(e)(ii). For example, if a Holder purchases shares of Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted conversion of shares of Preferred Stock with respect to which the actual sale price (including any brokerage commissions) giving rise to such purchase obligation was a total of $10,000 under clause (A) of the immediately preceding sentence, the Corporation shall be required to pay such Holder $1,000. The Holder shall provide the Corporation written notice, within five (5) Trading Days after the occurrence of a Buy-In, indicating the amounts payable to such Holder in respect of such Buy-In together with applicable confirmations and other evidence reasonably requested by the Corporation. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Corporation's failure to timely deliver certificates representing shares of Common Stock upon conversion of the shares of Preferred Stock as required pursuant to the terms hereof; provided, however, that the Holder shall not be entitled to both (i) require the reissuance of the shares of Preferred Stock submitted for conversion for which such conversion was not timely honored and (ii) receive the number of shares of Common Stock that would have been issued if the Corporation had timely complied with its delivery requirements under Section 6(e)(ii).

v. Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Preferred Stock, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder (and the other holders of the Preferred Stock), not less than such aggregate number of shares of the Common Stock as shall (subject to the terms and conditions set forth in the Purchase Agreement) be issuable (taking into account the adjustments and restrictions of Section 8) upon the conversion of the then outstanding shares of Preferred Stock and payment of dividends hereunder. The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

vi. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Preferred Stock. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such conversion, the Corporation shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

vii. Transfer Taxes and Expenses. The issuance of Conversion Shares on conversion of this Preferred Stock shall be made without charge to any Holder for any documentary stamp or similar taxes (including related tax return preparation and filing costs of the Corporation) that may be payable in respect of the issue or delivery of such Conversion Shares, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the Holders of such shares of Preferred Stock and the Corporation shall not be required to issue or deliver such Conversion Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all transfer agent fees required for same-day processing of any Notice of Conversion.

Section 7. Redemption.

a) Redemption at Option of Holder. At any time following the end of the forty eighth (48th) month following the Original Issue Date, each share of Preferred Stock shall be redeemable at the option of the Holder thereof for an amount equal to the Initial Issuance Price (adjusted to reflect any stock splits, stock dividends or like events) plus any accrued and unpaid dividends thereon. Holders shall effect redemptions by providing the Corporation with the form of redemption notice attached hereto as Annex B (a "***Notice of Redemption***"). Notices of Redemption shall be effective upon delivery by the Holder of a duly executed copy of the Notice of Redemption Form annexed hereto sent by facsimile or as a scanned e-mail attachment to the e-mail address provided by the Corporation to the Holder and no notarization, medallion stamp guarantee, guarantee or other requirement shall be required of the Holder to effect redemption hereunder. Each Notice of Redemption shall specify the number of shares of Preferred Stock to be redeemed, the number of shares of Preferred Stock owned prior to the redemption at issue, the number of shares of Preferred Stock owned subsequent to the redemption at issue and the date on which such redemption is to be effected, which date may not be prior to the date the applicable Holder delivers by facsimile such Notice of Redemption to the Corporation (such date, the "***Redemption Date***"). If no Redemption Date is specified in a Notice of Redemption, the Redemption Date shall be the date that such Notice of Redemption to the Corporation is deemed delivered hereunder. The calculations and entries set forth in the Notice of Redemption shall control in the absence of manifest or mathematical error. To effect redemptions of shares of Preferred Stock, a Holder shall be required to surrender the certificate(s) representing the shares of Preferred Stock to the Corporation. The Corporation shall pay the redemption amount therefor to, or as directed by, the applicable Holder not later than thirty days following the Redemption Date.

b) Mechanics of Redemption.

i. Failure to Pay Redemption Amount. If, in the case of any Notice of Redemption, the redemption amount is not paid to or as directed by the applicable Holder by the third (3rd) Trading Day following the Redemption Date, the Holder shall be entitled to elect by written notice to the Corporation, at any time on or before its receipt of such redemption amount, to rescind such Redemption, in which event the Corporation shall promptly return to the Holder any original Preferred Stock certificate delivered to the Corporation and the Holder shall promptly return to the Corporation the redemption amount, if any, delivered to such Holder pursuant to the rescinded Notice of Redemption.

ii. Obligation Absolute. The Corporation's obligation to pay the redemption amount upon conversion of Preferred Stock in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by such Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to such Holder in connection with the redemption of such Preferred Stock; *provided*, *however*, that such delivery shall not operate as a waiver by the Corporation of any such action that the Corporation may have against such Holder. In the event a Holder shall elect to redeem any or all of its Preferred Stock, the Corporation may not refuse redemption based on any claim that such Holder or anyone associated or affiliated with such Holder has been engaged in any violation of law, agreement or for any other reason, unless an injunction from a court, on notice to Holder, restraining and/or enjoining redemption of all or part of the Preferred Stock of such Holder shall have been sought and obtained. In the absence of such injunction, the Corporation shall pay the redemption amount upon a properly noticed redemption. Nothing herein shall limit a Holder's right to pursue damages for the Corporation's failure to pay the redemption amount within the period specified herein and such Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief, and shall be entitled to attorneys' fees and disbursements and court costs in connection with such pursuit of remedies. The exercise of any such rights shall not prohibit a Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

Section 8. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Corporation, at any time while this Preferred Stock is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any other Common Stock Equivalents (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Corporation upon conversion of, or payment of a dividend on, this Preferred Stock), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Corporation, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 8(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Fundamental Transaction. If, at any time while this Preferred Stock is outstanding, (i) the Corporation, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Corporation with or into another Person, (ii) the Corporation, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Corporation, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "***Fundamental Transaction***"), then, upon any subsequent conversion of this Preferred Stock, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the number of shares of Common Stock of the successor or acquiring corporation or of the Corporation, if it is the surviving corporation, and any additional consideration (the "***Alternate Consideration***") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Preferred Stock is convertible immediately prior to such Fundamental Transaction. For purposes of any such conversion, the determination of the

Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Corporation shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation with the same terms and conditions and issue to the Holders new preferred stock consistent with the foregoing provisions and evidencing the Holders' right to convert such preferred stock into Alternate Consideration. The Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the "***Successor Entity***") to assume in writing all of the obligations of the Corporation under this Certificate of Designation and the other Transaction Documents in accordance with the provisions of this Section 8(b) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the holder of this Preferred Stock, deliver to the Holder in exchange for this Preferred Stock a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Preferred Stock which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of this Preferred Stock prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of this Preferred Stock immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate of Designation and the other Transaction Documents referring to the "Corporation" shall refer instead to the Successor Entity), and may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under this Certificate of Designation and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Corporation herein.

c) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 8(a) above, if at any time the Corporation grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "***Purchase Rights***"), then each Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of such Holder's Preferred Stock (without regard to any limitations on exercise thereof) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

d) Pro Rata Distributions. During such time as this Preferred Stock is outstanding, if the Corporation declares or makes any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "***Distribution***"), at any time after the issuance of this Preferred Stock, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete Conversion of this Preferred Stock (without regard to any limitations on Conversion hereof) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution.

e) Calculations. All calculations under this Section 8 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 7, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

f) Notice to the Holders.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 8, the Corporation shall promptly deliver to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Conversion by Holder. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of this Preferred Stock, and shall cause to be delivered to each Holder at its last address as it shall appear upon the stock books of the Corporation, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice.

Section 9. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service, addressed to the Corporation, at 1230 Peachtree Street NE, Suite 1000, Atlanta, GA 30309, Attention: Chief Financial Officer, facsimile number (513) 672-2112, or such other facsimile number or address as the Corporation may specify for such purposes by notice to the Holders delivered in accordance with this Section 9. Any and all notices or other communications or deliveries to be provided by the Corporation hereunder shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number or address of such Holder appearing on the books of the Corporation, or if no such facsimile number or address appears on the books of the Corporation, at the principal place of business of such Holder, as set forth in the Purchase Agreement. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth in this Section prior to 5:30 p.m. Eastern on any date, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth in this Section on a day that is not a Trading Day or later than 5:30 p.m. Eastern on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

b) Lost or Mutilated Preferred Stock Certificate. If a Holder's Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Corporation shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Preferred Stock so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership hereof reasonably satisfactory to the Corporation.

c) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflict of laws thereof. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by any of the Transaction Documents (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in Delaware (the "***Delaware Courts***"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the Delaware Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such Delaware Courts, or such Delaware Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Certificate of Designation and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Certificate of Designation or the transactions contemplated hereby.

d) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

e) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

f) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

g) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

h) Status of Converted or Redeemed Preferred Stock. Shares of Preferred Stock may only be issued pursuant to the Purchase Agreement. If any shares of Preferred Stock shall be converted, redeemed or reacquired by the Corporation, such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series A 0% Convertible Preferred Stock.

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RESOLVED, FURTHER, that the officers of the Corporation be and they hereby are authorized and directed to prepare and file this Certificate of Designation of Preferences, Rights and Limitations in accordance with the foregoing resolution and the provisions of Delaware law.

IN WITNESS WHEREOF, the undersigned have executed this Certificate as of August 16, 2012.

/s/ Robert E. Watson
Name: Robert E. Watson
Title: President and Chief Executive Officer

/s/ Stephen H. Murdock
Name: Stephen H. Murdock
Title: Corporate Secretary

ANNEX A

NOTICE OF CONVERSION

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT
SHARES OF PREFERRED STOCK)

The undersigned hereby elects to convert the number of shares of Series A 0% Convertible Preferred Stock indicated below into shares of common stock, par value $0.01 per share (the "***Common Stock***"), of Streamline Health Services, Inc., a Delaware corporation (the "***Corporation***"), according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as may be required by the Corporation in accordance with the Purchase Agreement. No fee will be charged to the Holders for any conversion, except, in the case of issuance in the name of a Person other than the undersigned, for any such transfer taxes.

Conversion calculations:

Date to Effect Conversion: _____

Number of shares of Preferred Stock owned prior to Conversion: _____

Number of shares of Preferred Stock to be Converted: _____

Number of shares of Common Stock to be Issued: _____

Applicable Conversion Price: _____

Number of shares of Preferred Stock subsequent to Conversion: _____

Address for Delivery: _____

or
DWAC Instructions:
Broker no: _____
Account no: _____

[HOLDER]

By: _____
Name:
Title:

ANNEX B

NOTICE OF REDEMPTION

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO REDEEM SHARES OF PREFERRED STOCK)

The undersigned hereby elects to redeem the number of shares of Series A 0% Convertible Preferred Stock of Streamline Health Services, Inc., a Delaware corporation (the "***Corporation***") indicated below, according to the conditions hereof, as of the date written below. No fee will be charged to the Holders for any redemption.

Redemption calculations:

Date to Effect Redemption: _____

Number of shares of Preferred Stock owned prior to Redemption: _____

Number of shares of Preferred Stock to be Redeemed: _____

Applicable Conversion Price: _____

Redemption Amount to be Paid: _____

Number of shares of Preferred Stock subsequent to Conversion: _____

Address or wire instructions for delivery of payment: _____

_____

_____

[HOLDER]

By: _____

Name:

Title:

Exhibit 99.1

News Release

Visit our website at: www.streamlinehealth.net

STREAMLINE HEALTH ANNOUNCES THE ACQUISITION OF META HEALTH TECHNOLOGY

Atlanta, Georgia and Cincinnati, Ohio – August 16, 2012 — Streamline Health Solutions, Inc. (NASDAQ CM: STRM, www.streamlinehealth.net), a leading provider of enterprise content management and business analytics solutions for healthcare organizations, today announced the acquisition of New York City-based Meta Health Technology, Inc. ("Meta," www.metahealth.com), a leading provider of health information management solutions for hospitals, clinics, physician group practices and long-term care facilities across the U.S. and Canada.

"The acquisition of Meta, with its outstanding reputation in the health information management (HIM) space, represents the continuation of our on-going growth strategy and–as with the Interpoint Partners acquisition last year–is reflective of our organization becoming more market-facing where our solutions development is led by the needs and requirements of our clients and the marketplace in general," said Robert E. Watson, President and Chief Executive Officer of Streamline Health Solutions. "Our clients, as well as all providers throughout the country, are facing the looming challenge of converting from ICD-9 to ICD-10. The Meta suite of solutions, when bundled with our existing solutions, will help current and prospective clients better prepare for this challenge. In addition, the pending release of a computer-assisted coding solution (CAC) will place Streamline Health at the core of addressing the complexities of the ICD-10 transition.

As we move forward, we believe that the integration of our business analytics solutions with the coding solutions acquired in this transaction will position us to address the complicated issues of clinical analytics as our clients prepare for the proposed changes in commercial and governmental payment models. This transaction firmly establishes our company as a "go-to" vendor of enterprise health information technology solutions."

"After 34 years of continued growth and success in the market, Meta's acquisition by Streamline Health represents a natural progression, as the resources that Streamline Health brings will enable us to better serve our clients and to even further expand our product and service offerings", said Eli Nahmias, President & Chief Executive Officer of Meta Health Technology. "In addition to implementing our software at a client's site, we will now be able to offer it on a Software-as-a-Service (SaaS) basis, which will eliminate the need for a hospital to invest time and resources in implementation. These new channels will enable us to be even more successful going forward."

Barbara Hinkle-Azzara, RHIA, Chief Operations Officer of Meta who will join Streamline Health as Vice President and General Manager for this subsidiary, stated "Our entire team of associates is excited to join the Streamline Health team and to have the opportunity to work towards advancing our collective vision to become a world-class healthcare information technology company. Together we can continue to provide industry-leading solutions for health information management to our clients and the marketplace, as well as to bring Streamline Health's robust suite of content management and business analytics solutions to Meta's clients."

Streamline Health acquired the outstanding capital stock of Meta for approximately $15 million, comprised of $13.4 million in cash and $1.6 million in Streamline Health stock at a price equal to the average of the previous 10 days closing price as reported by NASDAQ. In conjunction with this acquisition, Streamline Health has restructured its financing agreement with Fifth Third Bank whereby the bank will provide the Company with a new $5 million revolving line of credit, a $5 million senior term loan, and a $9 million subordinated term loan, a portion of which was used to re-finance the previously outstanding $4.1 million subordinated term loan. The new financing package brings Streamline Health's average cost of capital down to approximately 8.5%. This financing plus the company's on-hand cash funded the Meta Health Technology, Inc. acquisition.

In a separate transaction, the company completed a $12 million equity investment led by Great Point Partners LLC (GPP), Greenwich, CT and Noro-Moseley Partners (NMP), Atlanta, GA. As part of this investment, the company issued no dividend convertible preferred stock, which has the right to convert to common stock on a one for one basis at $3 per share, and warrants to purchase common stock. In addition, the company issued convertible notes, which, upon shareholder approval, will convert into the same series of convertible preferred stock noted earlier. As part of this transaction, the membership of the Board of Directors of the company was increased from 7 to 9. Accordingly, Allen Moseley, General Partner at NMP, has joined our board of directors. The additional board member will be identified at a later time.

“We are proud and excited to have the teams from GPP and NMP invested in Streamline Health,” said Robert E. Watson, President and CEO. “This investment, by two well-known healthcare-focused investment funds not only provides us with the capital to address our growth plans going forward, but it also validates our vision for Streamline Health.”

Rohan Saikia, Senior Vice President at GPP, said “As a growing, dynamic and well-positioned leading provider of health information technology solutions including enterprise content management, business analytics and integrated workflow systems, Streamline Health is a perfect fit with Great Point Partners. We’re pleased to partner with Streamline Health during this exciting period of their corporate history.”

Allen Moseley, General Partner of NMP, said “We look forward to actively participating in the next phase of growth for Streamline Health. We believe their expanding suite of solutions in health information management and business analytics solutions will be in great demand throughout the industry.”

Streamline Health was represented by Coker Capital Advisors, Atlanta, GA in its acquisition of Meta Health Technology, Inc. First Analysis Securities Corporation, Chicago, IL acted as the exclusive placement agent for the company in its financing with GPP and NMP.

Simultaneous with the closing of the Meta acquisition, Richard Leach resigned as the company’s Senior Vice President, Solutions Marketing to pursue other endeavors.

Conference Call

The Company will conduct a conference call and webcast to provide details about the acquisition on Monday, August 20, 2012 at 11:00 a.m. ET. Interested parties can access the call by dialing 877-407-8037, or can listen via a live Internet webcast which will be available at: http://www.investorcalendar.com/IC/CEPage.asp?ID=169567. A replay of the conference call will be available until September 10, 2012 by calling 877-660-6853 and entering account number: 396 and conference ID number: 399095.

About Streamline Health

Streamline Health provides solutions that help hospitals and physician groups improve efficiencies and business processes across the enterprise to enhance and protect revenues. Our comprehensive suite of health information solutions includes enterprise content management, business analytics, and integrated workflow systems. Our solutions offer a flexible, customizable way to optimize the clinical and financial performance of any healthcare organization. For more information please visit our website at http://www.streamlinehealth.net.

About Meta Health Technology

Meta is a full-service provider of health information management and CDI solutions for hospitals, physician group practices and long-term care facilities. Headquartered in New York City, the company has served the healthcare industry exclusively for over 30 years. Meta's clients range from small community hospitals to many of the largest and most prestigious medical facilities across North America. The company provides a level of client service that is unmatched in the industry. For more information, please visit http://www.metahealth.com

About Great Point Partners LLC

Great Point Partners, based in Greenwich, CT, is a leading healthcare investment firm with approximately $400 million of equity capital under management. The firm manages capital in public (the Biomedical Value Fund) and private (Great Point Partners, LLP) equity funds. GPP has provided growth equity, growth recapitalization, and buyout financing to more than 100 health care companies. The private equity fund invests in profitable companies across all sectors of the healthcare industry. The firm pursues a proactive and proprietary approach to sourcing investments. For more information, please visit http://www.gppfunds.com.

About Noro-Moseley Partners

Noro-Moseley Partners, based in Atlanta, GA, is a venture capital firm investing in early and early growth stage healthcare and technology companies, focused primarily in the geographic region spanning from Texas to Washington D.C. Since 1983, NMP has been a leader in its market, investing in more than $650 million in over 175 companies. The managers of NMP's current fund, Noro-Moseley Partners VI, have more than 60 years collectively of direct venture investing experience and bring a diverse set of skills to assist entrepreneurs in growing their companies.

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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