



## HealthStream Announces 2001 Internet-Based Learning Network Growth

NASHVILLE, Tenn., Feb 5, 2002 (BW HealthWire) -- HealthStream, Inc. (NASDAQ/NM:HSTM)

- Revenues for the year up 40% over 2000
- Monthly operating cash consumption decreased by 66% since January 2001
- Internet - based Learning Network:
  - Facilities now at approximately 500, up 115% since fourth quarter 2000
  - Course completions running over 100,000 per month, up over 900% since fourth quarter 2000
  - Contributing 33% of total revenue fourth quarter 2001, up 20% since fourth quarter 2000

HealthStream, Inc. (NASDAQ/NM:HSTM), a leading provider of learning solutions for the healthcare industry, announces today a summary of select business metrics from its Internet-based learning network, highlighting the momentum gained in 2001.

At year-end 2001, HealthStream's national, Internet-based learning network of healthcare organizations increased to include a total of approximately 500 hospital facilities, up from 228 at the start of 2001. In the fourth quarter alone, a quarterly record 96 hospital facilities selected HealthStream's Internet-based Healthcare Learning Center™. Forty-nine of the 96 new contracts were derived from HealthStream customers who transitioned from its installed learning management system (currently used by over 800 hospital facilities) to the Internet-based learning network including, Stanford Health System, Greenville Hospital System, and the University of Utah Hospitals and Clinics. The remaining 47 new contracts represent a diverse range of healthcare organizations including, Boston Medical Center, United States Air Force Academy-10th Medical Group, and Emerson Hospital.

Approximately 300,000 healthcare professionals now rely on HealthStream's Internet-based Healthcare Learning Center™ for training and education. Concurrent with the growth of healthcare facilities, the rate of course completions by both clinical and non-clinical employees grew 910 percent during 2001; approximately 10,200 courses were completed in the month of December 2000 while approximately 103,000 were completed during December 2001.

The proportion of revenues that are predictable and recurring has increased as a consequence of the traction gained by HealthStream in growing its learning network of healthcare organizations using the Internet-based Healthcare Learning Center™. Since the Internet-based Healthcare Learning Center™ is an application service provider (ASP) based product, services are contracted for an average of two years and the associated revenues are recognized over the life of the contract. For the fourth quarter 2000, approximately 20 percent of revenues were derived from this learning network. For the fourth quarter 2001, the proportion increased to approximately 33 percent, representing predictable, recurring revenue streams for the Company.

Revenues for the year ended December 31, 2001 are expected to be approximately \$13.5 million, as compared with \$9.7 million for the year ended December 31, 2000, an increase of 40 percent. Fourth quarter 2001 revenues are expected to be \$3.8 million, as compared with \$3.1 million for the third quarter 2001, an increase of 25 percent.

At December 31, 2001, the Company had cash, investments, and related interest receivable of more than \$27 million. Monthly net operating cash consumption for the fourth quarter ended December 31, 2001 was approximately \$0.43 million compared to \$1.29 million for the first quarter of 2001, representing a decrease of 66 percent. A steady decline in monthly net operating cash consumption marked each consecutive quarter in 2001 decreasing from \$1.29 million to \$0.93 million to \$0.54 million to \$0.43 million in the first, second, third, and fourth quarters, respectively. An improved sales record, along with efficient consolidation of office operations, accounts for the savings in cash consumption.

HealthStream's full report of financial and operational metrics will be available in its upcoming fourth quarter 2001 earnings release that will be issued on Tuesday, February 25, 2002, at 6:30 pm (EST). After that time, the full earnings report may be read by going to HealthStream's Web site at [www.healthstream.com](http://www.healthstream.com) in the "investors" section.

About HealthStream

HealthStream (Nasdaq/NM:HSTM), based in Nashville, Tennessee with an office in Denver, Colorado, is a leading provider of learning solutions for the healthcare industry.

Healthcare organizations use HealthStream's e-learning solutions to improve learning, increase compliance, and enhance organizational effectiveness for nurses, technicians, staff workers, physicians, and all clinical and non-clinical healthcare employees throughout the enterprise. Professionals use HealthStream's e-learning solutions to provide an instant, co-branded e-learning Web site for their users. HealthStream can be visited on the Web at [www.healthstream.com](http://www.healthstream.com).

This press release includes certain forward-looking statements (statements other than solely with respect to historical fact), including statements regarding expectations for the financial performance for the fourth quarter and year ended December 31, 2001 that involve risks and uncertainties regarding HealthStream. These statements are based upon management's beliefs, as well as assumptions made by and data currently available to management. This information has been, or in the future may be, included in reliance on the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such results or events predicted in these statements may differ materially from actual future events or results. The Company's preliminary financial results, while presented with numerical specificity, are forward-looking statements which are based on a variety of assumptions regarding the Company's operating performance that may not be realized, and which are subject to significant uncertainties and potential contingencies associated with the Company's year-end financial and accounting procedures and other matters referenced from time to time in the Company's filings with the Securities and Exchange Commission. Consequently, such forward-looking information should not be regarded as a representation or warranty by the Company that such projections will be realized. Actual results may differ materially from those anticipated in any such forward-looking statements. The Company undertakes no obligation to update or revise any such forward-looking statements.

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