



HealthStream Acquires de'MEDICI Systems; Acquisition Adds Over 200 Hospital Customers, Bringing Total To More Than 1,000

NASHVILLE, Tenn.--(BW HealthWire)--Jan. 30, 2001--HealthStream (Nasdaq/NM:HSTM), a leading provider of e-learning solutions for healthcare organizations and professionals, today announced the completion of a transaction to acquire substantially all of the assets of de'MEDICI Systems, a product line of Lippincott Williams & Wilkins, a leading global publisher of information resources for physicians, nurses, allied health professionals, and students. The acquisition adds over 200 hospital customers, bringing HealthStream's penetration in the hospital market to approximately 20%, nationwide.

The acquisition will be accounted for as an asset purchase. Revenues from the acquisition are expected to add approximately \$500,000 in 2001. Before the effects of depreciation and amortization, HealthStream expects that the acquisition will be accretive in 2001.

De'MEDICI Systems is a producer of interactive, computer-based training of healthcare education for healthcare organizations. Among the many assets that this acquisition brings to HealthStream are the following: -- Thirty OSHA/JCAHO courses--further expanding HealthStream's extensive library of required regulatory courseware

Over 200 hospital customers that utilize computer-based training, each representing an excellent opportunity to convert to HealthStream's ASP-based Healthcare Learning Center™

An innovative authoring tool that enables customers to create and customize interactive course content to meet their unique training and education needs.

The acquisition will offer de'MEDICI customers access to HealthStream's experienced team of customer support, marketing, content development, and technology development. HealthStream's corporate network from Denver to Boston, including corporate headquarters in Nashville, brings 200+ employees to support and service de'MEDICI customers. In short, de'MEDICI customers will have expanded access to new services and new products as a benefit of joining with HealthStream.

Lippincott Williams & Wilkins has a long tradition of providing quality content products to their healthcare customers to whom they remain committed. Sharing this commitment to customer service, HealthStream has played a role in the delivery of their electronic products prior to the acquisition. Lippincott Williams & Wilkins has licensed HealthStream's software platform since 1998 to deliver and track electronic courses sold through de'MEDICI Systems. As a result, the systems gained in this acquisition are readily compatible with HealthStream's Healthcare Learning Center™. De'MEDICI customers are therefore given the opportunity for a seamless conversion to HealthStream's ASP-based Healthcare Learning Center™--should they choose to do so.

"We are delighted to have these 200 healthcare facilities that use the de'MEDICI System become part of HealthStream's customer base," explained Michael Pote, senior vice president and head of the healthcare organization business unit at HealthStream. "We intend to offer our ASP-based product and additional content offerings to these customers to better serve their education and training needs. Our mission is to be the major provider of healthcare training and education for the four million people employed in healthcare institutions."

About HealthStream

HealthStream, Inc., based in Nashville, Tennessee, with offices in Dallas, Denver, Boston, Houston and Raleigh, is a leading provider of e-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. Pharmaceutical and medical device companies use HealthStream's e-learning solutions to launch educational programs and reach healthcare professionals. Content providers use HealthStream's e-learning solutions to expand the reach of their programs worldwide. Healthcare portals for 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

This press release contains forward-looking statements that involve risks and uncertainties regarding HealthStream. Investors are cautioned that such results or events predicted in these statements may differ materially from actual future events or results. Factors that could cause actual events or results to differ from anticipated events or results include HealthStream's limited operating history, its ability to integrate the operations and realize the results of recently completed acquisitions, as well as other risks that are contained in HealthStream's Registration Statement on Form S-1, together with other reports and documents filed from time to time with the Securities and Exchange Commission. Some of these risks and uncertainties relate to HealthStream's ability to: attract and maintain a large base of end users; develop its infrastructure, including additional hardware and software, customer support, personnel and facilities, to support its business; develop and introduce desirable services and compelling content; establish and maintain strategic relationships with content and distribution partners; establish and maintain relationships with sponsors and advertisers; and respond effectively to competitive and technological developments.

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