





*This presentation includes certain forward-looking statements (statements other than solely with respect to historical fact), including statements regarding expectations for the financial performance for 2006 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.*

# VISION

To improve the quality of healthcare by improving the quality and accessibility of healthcare education.



# HealthStream Learning Center™

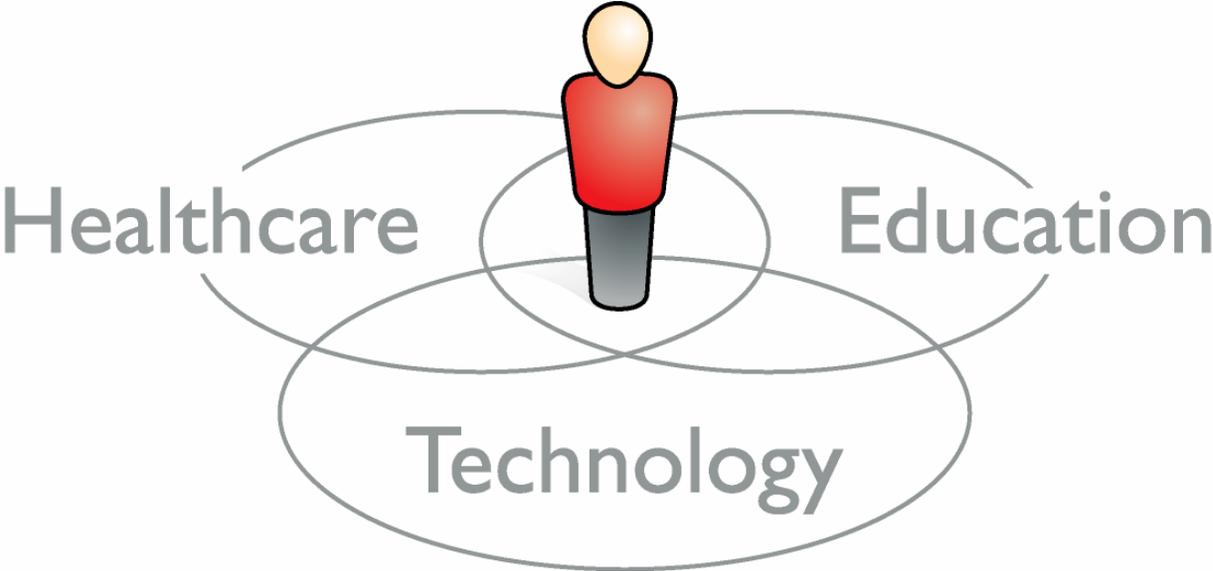
Used by approximately  
1 out of every 4 healthcare  
Professionals in acute-care  
Hospitals

Over 31 million courses have  
been completed  
(cumulatively, as of 15 April 2006)

93% Renewal Rate  
(by FTEs, First Quarter 2006)



# HealthStream Positioning



# HealthStream Target Market

**5,000,000 Acute-Care Hospital Employees**



# Mission & Customer Value Proposition



**A safer organization for patient care through required regulatory training**



**Workforce Development for hospital staff**



**Facilitating rapid adoption of new technologies for better patient outcomes**

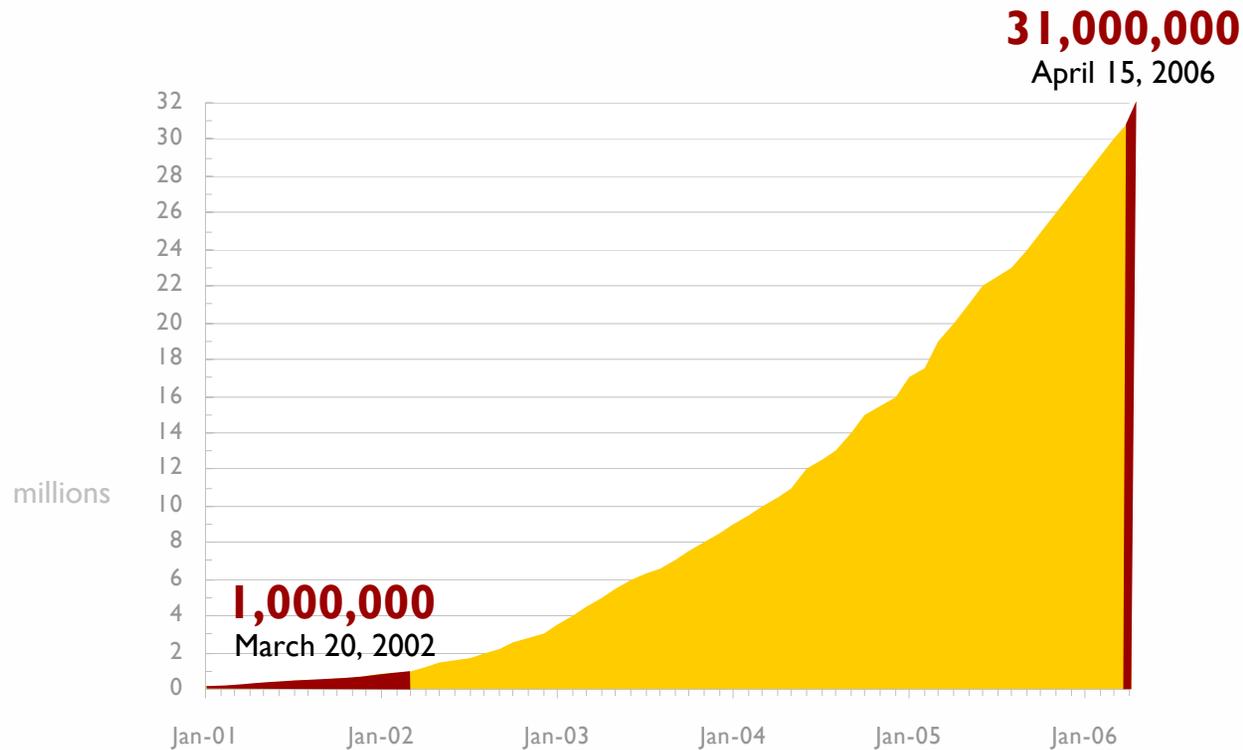
# HealthStream Customer Hospitals

*Approximately 1,200 facilities, representing 1,259,000 fully implemented healthcare professionals*





# Result: Customer Adoption - *HLC Course Completions*



# Increasing the Value of Each Subscriber

*AACN Courseware Series from HealthStream*

- 9,800 subscriptions
- at least \$200 per user, per year
- Over 100 Customer Contracts

AACN - Microsoft Internet Explorer

**TEXT**

The heart is located in the mediastinum, above the diaphragm, and is surrounded on both sides by lung. The heart resembles a triangle; the base is parallel to the right edge of the sternum. The point represents the apex and is usually found at or just medial to the left midclavicular line (MCL) at the fifth intercostals space (ICS). It is important to remember where the heart is located as you do your assessment, which will be discussed later in this module.

Lesson 1, Section A, Slide 6 of 26

**JUMP TO TOPICS:**

- Lesson 1 Anatomy, Physiology and Assessment
- Lesson 2 Cardiovascular Monitoring
- Lesson 3 Cardiovascular Diseases
- Lesson 4 Invasive Procedures

**Location**

AMERICAN ASSOCIATION OF CRITICAL CARE NURSES

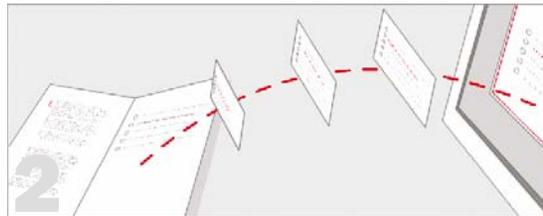
SUPPORT EXIT

Allowing Pharmaceutical / Medical Device companies to deliver innovative product training to approximately 1,300,000 hospital-based professionals nationwide.

*Three easy steps:*



**Target facilities**



**Deliver courses**

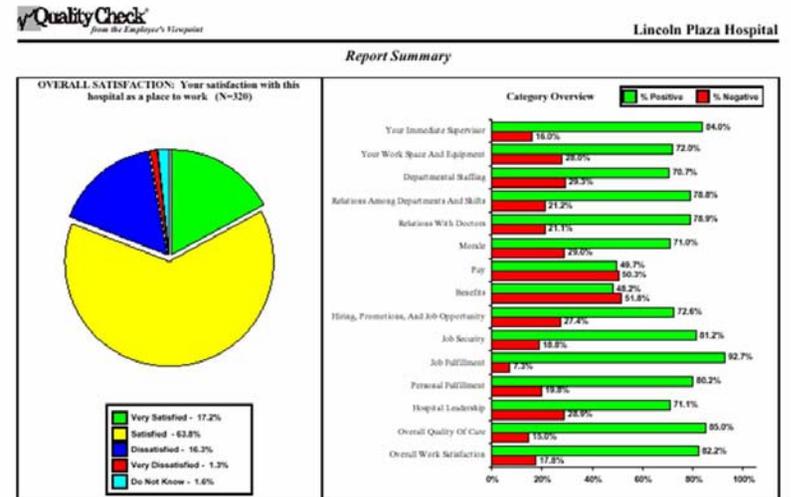


**Receive feedback**

# HealthStream Research Products

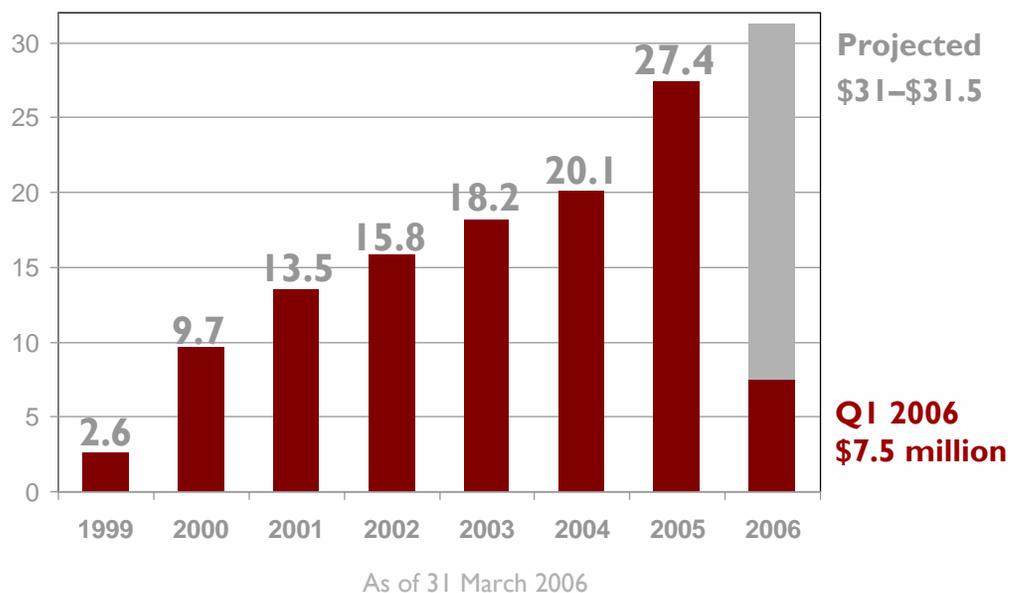


- Offers physician, employee, and patient surveys
- 38 health system customers
- Survey analyses provide roadmaps for workforce development



# Financial Strength

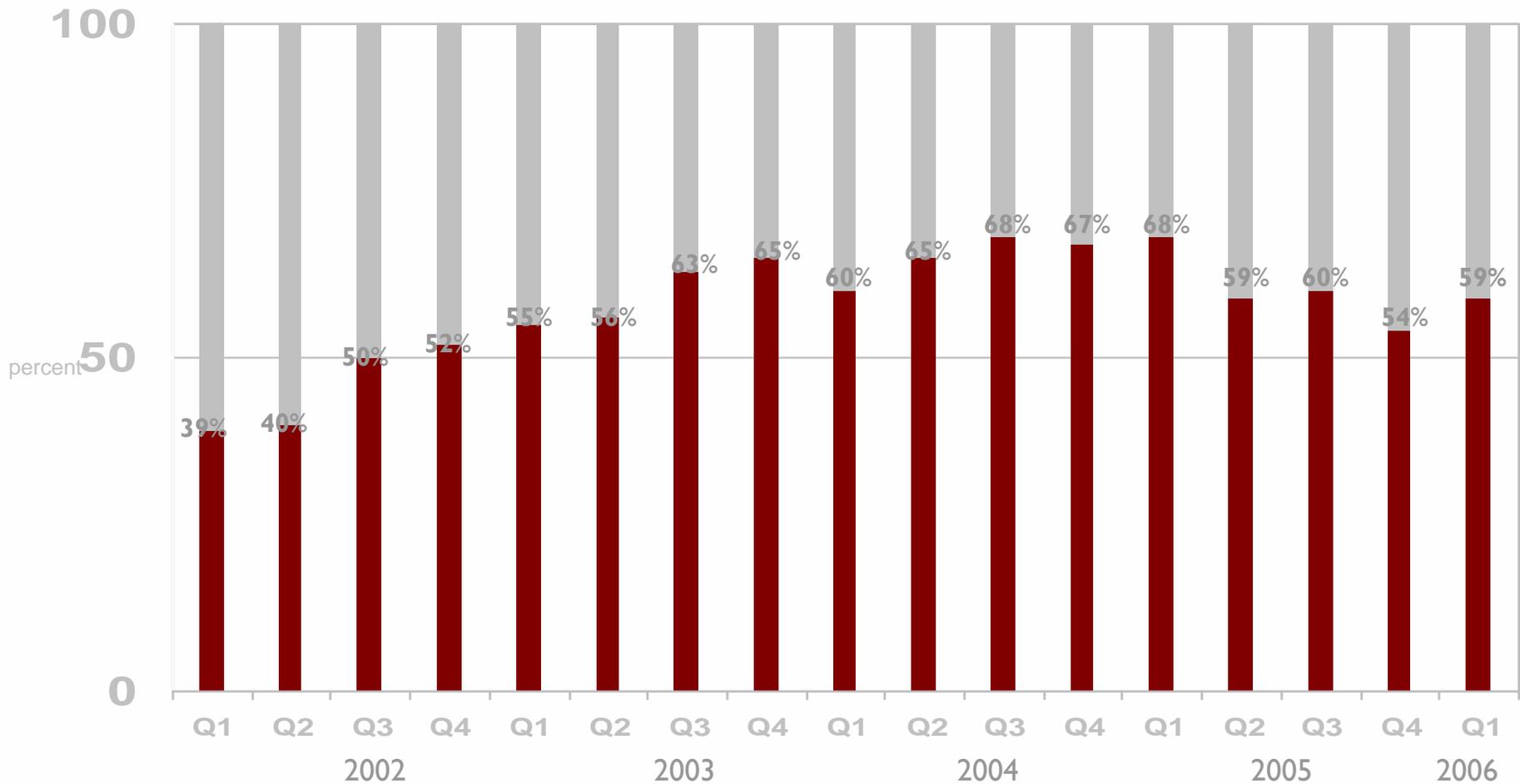
Annual Revenue Growth  
(\$ millions)



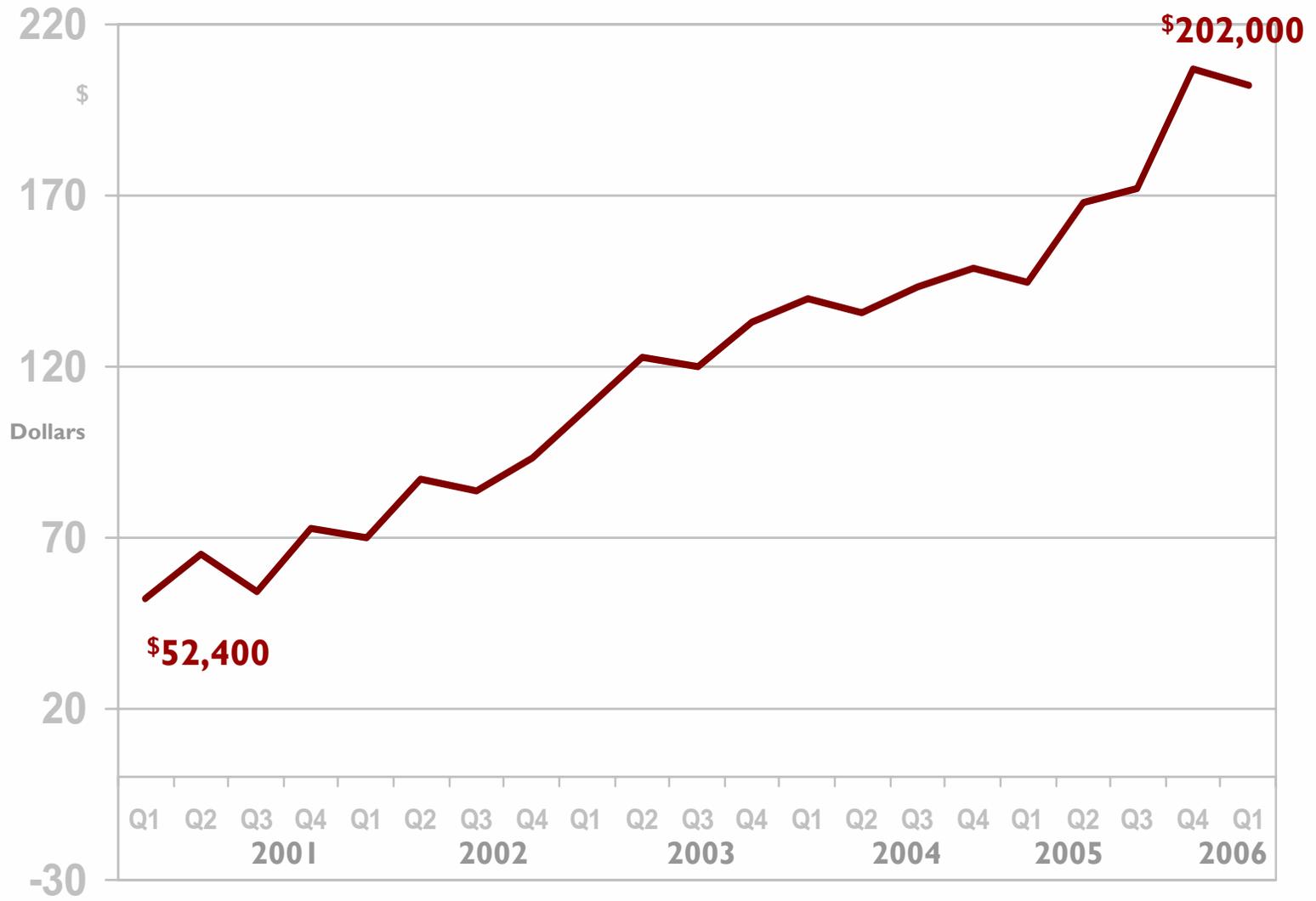
Cash, Investments, and Interest Receivable



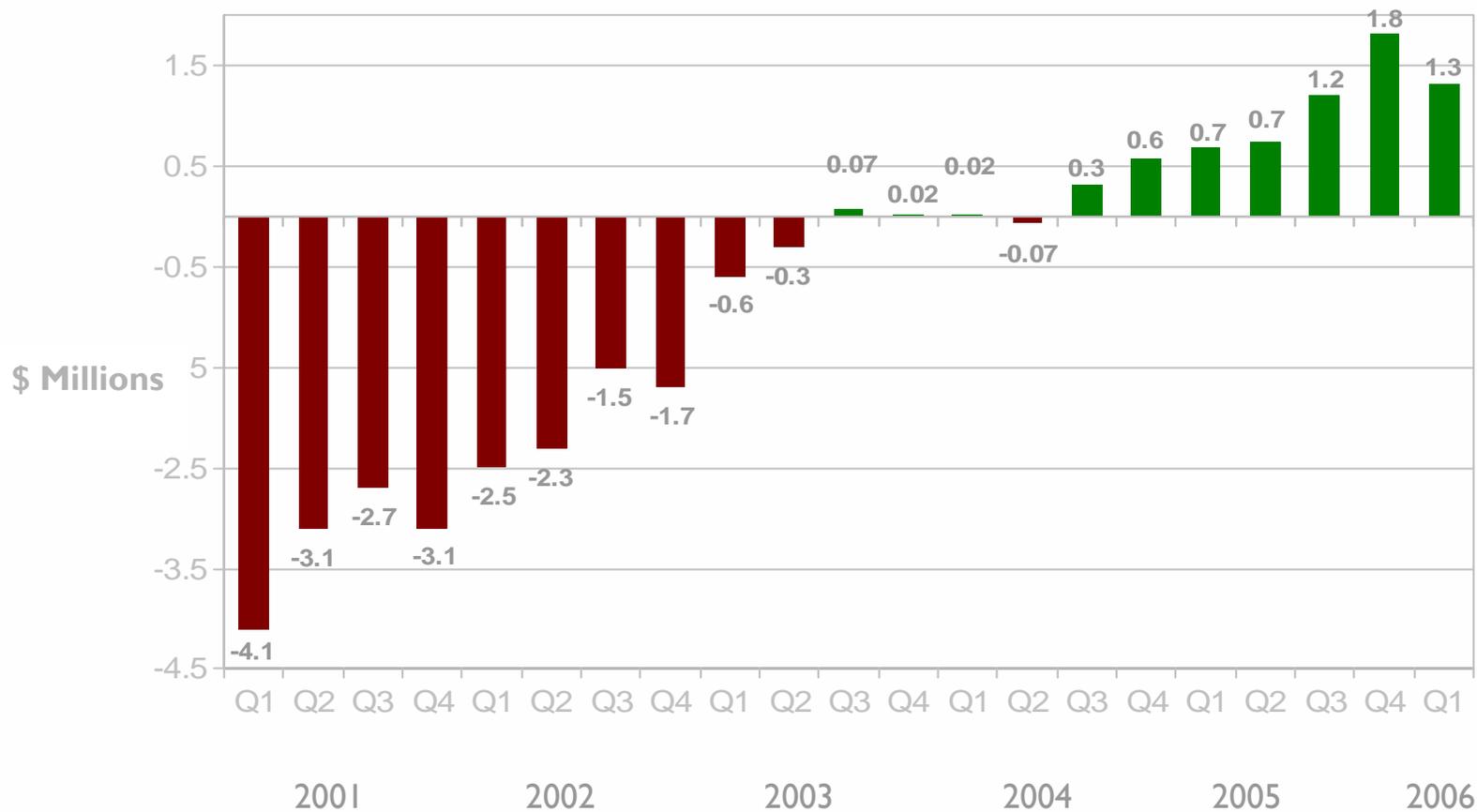
# Internet-based HealthStream Learning Center Revenues



# Revenue per Employee

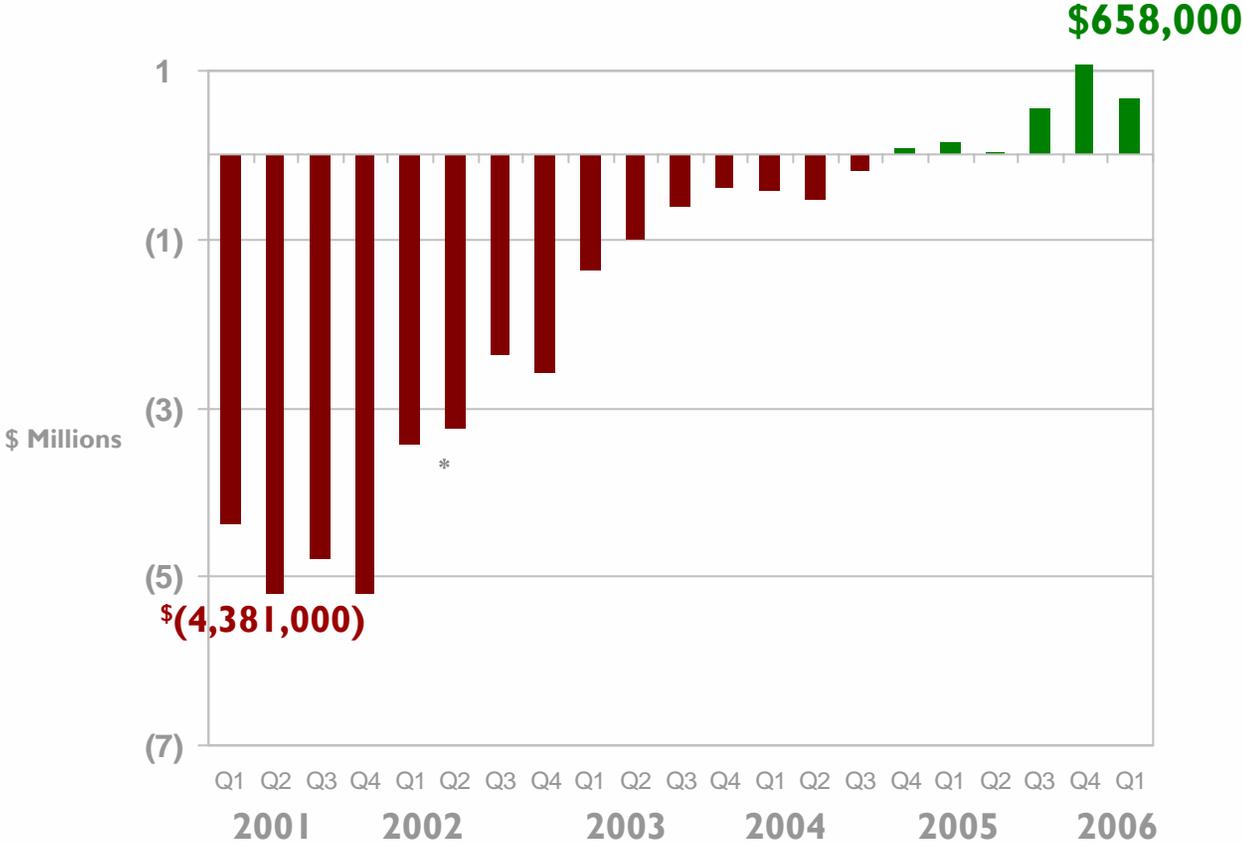


# EBITDA\* (\$millions)



\*Excluding one-time gain and cumulative effect of change in accounting principle.  
Does not exclude warrant expense, share based compensation, impairment losses, and other similar charges.

# Net Income (loss)



\* Excludes \$5 million charge for change in accounting principle for goodwill.

# HealthStream's Management Team



**Robert A. Frist**

Chief Executive Officer &  
Chairman of the Board

16 years



**Arthur E. Newman**

Executive Vice President

6 years



**Susan A. Brownie**

Chief Financial Officer &  
Senior Vice President

6 years

# Independent Board of Directors

		<u>Years of Service</u>
Jeffrey McLaren	Safer Sleep	16 years
James Daniell, M.D.	Centennial Medical Center	11 years
Thompson S. Dent	Med-Tel International	11 years
Frank Gordon	Crofton Capital	3 years
Linda Rebrovick	Dell Computer Corporation	4 years
William Stead, M.D.	Vanderbilt Medical Center	8 years
Ron Hinds	Deloitte and Touche and Renal Care Group	3 years
Mike Shmerling	Marsh Kroll	1 year
<hr/>		
Robert Frist <sup>1</sup>	HealthStream Chairman & CEO	16 years

<sup>1</sup> Management is not independent.



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