



HealthStream Signs New Agreements with HealthTrust Purchasing Group and HCA

NASHVILLE, Tenn.--(BUSINESS WIRE)--Oct. 24, 2001--HealthStream, Inc. (NASDAQ/NM: HSTM):

- Relationship with HCA extended with new agreement
- HPG agreement opens door to all hospital members
- Warrant agreement with HCA canceled

HealthStream, Inc. (NASDAQ/NM: HSTM), a leading provider of learning solutions for the healthcare industry, today announced that HealthTrust Purchasing Group (HPG), a group purchasing organization, has signed an agreement that establishes HealthStream as the endorsed provider of e-learning solutions for their 587 hospital members. Concurrently, HealthStream announced that HCA, a member of the HPG, has chosen to extend their relationship with HealthStream by entering into a new four-year agreement for learning services. The terms of the new agreement include the delivery of the ASP-based Healthcare Learning Center™ and other learning services, totaling a minimum of \$12 million over the next four years.

HPG's decision to sign with HealthStream allows their major hospital network members--including Health Management Associates, LifePoint Hospitals, and Triad Hospitals--to take advantage of HPG's negotiated agreement to adopt the Web-based Healthcare Learning Center™ for their employees. "We are energized by the opportunity to bring our e-learning platform to all of the members of HPG," said Michael Pote, senior vice president, HealthStream. "With HCA representing our initial relationship with an HPG member, we look forward to offering HealthStream's learning solutions to each of the HPG member organizations to meet their individual training and educational needs."

HealthStream's learning services have enabled HCA hospitals to substantially improve their capabilities to report compliance, schedule and track regulatory training requirements, expand professional education, and manage risk--as evidenced by increasing utilization of HealthStream's e-learning platform. The average monthly number of HealthStream courses completed by HCA hospitals increased 146 percent during the six-month period from January 1 to June 30, 2001, with over 166,000 HCA hospital employees using the Healthcare Learning Center™ at the end of the same period.

"At Centennial Medical Center, HealthStream's Healthcare Learning Center™ has improved our entire educational program," said Meg Hamiter, staff development coordinator, Parthenon Pavilion/Centennial Medical Center. "Compliance reporting, training--particularly the regulatory requirements, and administrative tracking are significantly easier, more reliable, and efficient. Everyday, I see first-hand the positive impact that HealthStream's learning services are having on our hospital. Most importantly, the time saved with e-learning translates directly into more time for patients--and everybody benefits from that."

The new four-year agreement with HCA is effective October 1, 2001, and replaces the prior agreement which had approximately two and one-half years remaining. In addition, HealthStream and HCA have mutually agreed to cancel the warrant held by HCA to purchase HealthStream common stock. As a result, HealthStream will no longer amortize the remaining cost of the warrant as a reduction of revenues.

"Without question, it is gratifying to accept the vote of confidence that HCA has given us by their decision to extend our relationship by entering into this new four-year agreement for our e-learning platform," said Robert A. Frist, Jr., chief executive officer, HealthStream. "We look forward to the opportunity to bring the same level of service, commitment, and productivity to the new relationships that will result from our agreement with HealthTrust Purchasing Group."

About HealthStream

HealthStream, Inc., based in Nashville, Tennessee, with offices in Denver 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 Annual Report on Form 10-K, 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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