

HealthStream's VISION



To improve the quality of healthcare
by developing the people that deliver care.

Safe Harbor Statement

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 2010 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.

HealthStream at a Glance

- Training and research solutions for hospitals that improve business and clinical outcomes
- Core products:
 - (1) Subscription-based online training platform
 - (2) patient satisfaction (HCAHPS) surveys
- Headquartered in Nashville, TN
- 400 employees
- NASDAQ: HSTM
- 3rd quarter 2010 revenue grew 18% over prior year quarter
- 3rd quarter 2010 operating income grew 57% over prior year quarter
- Strong balance sheet: (as of Q3 2010)
 - \$21.4 million cash balance
 - \$15 million in untapped line of credit

HealthStream's Business Principles

- We deliver product-based solutions
- Our business model generates strong, recurring subscription-based revenues
- We maintain high renewal rates
- Our core product is a leveragable, Internet-based Software-as-a-Service (SaaS) platform
- Our core product commands market leading position

“Overall, the number of employees at hospitals grew three percent in the 12 months ended in November [2009].”

Modern Healthcare - 2010

“Healthcare will generate 3.2 million new wage and salary jobs between 2008 and 2018, more than any other industry.”

Bureau of Labor Statistics – 2010

Regulated Environment Creates Recurring Opportunities

Required
OSHA/JCAHO Training



Required HCAHPS Reporting:
Linked to Pay-for-Performance



Safety & Quality Initiatives



Competency Development



Primary Market

5,000 Acute-care Hospitals employing 5,000,000 Healthcare Professionals



Core Software Product: HealthStream Learning Center

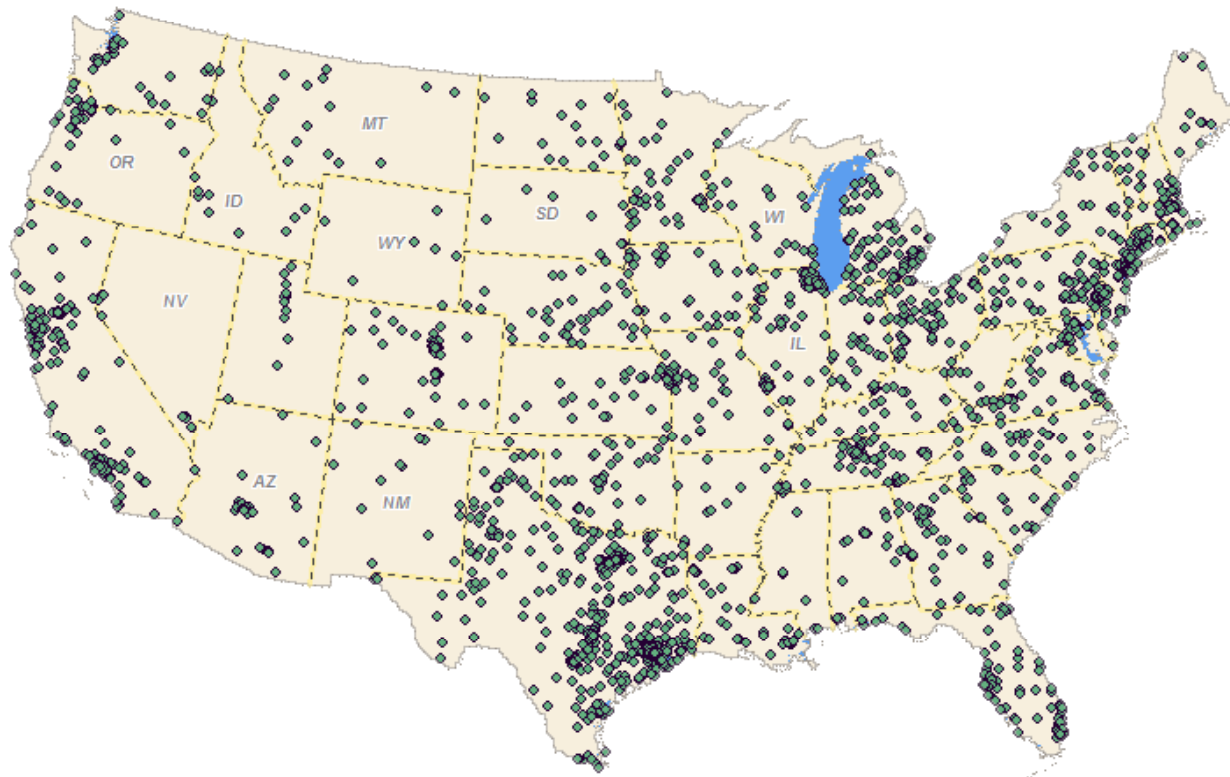
The screenshot displays the HealthStream Learning Center interface for a student. The page title is "Performance Appraisal Summary". The user is logged in as Lynn Howe, an Omaha Hospital Student, on May 28, 2007, at 2:55 PM ET. The navigation menu includes "My Courses", "My Transcript", "Catalog", "HospitalDirect@", "My Profile", and "Competency". The main content area shows a summary of a performance appraisal for April Peters, supervised by Lynn Howe in the 12345-Medical/Surgical department. The appraisal is for a Registered Nurse (Job Title: 5678-Registered Nurse) and was conducted by Lynn Howe. The evaluation period is from 1/1/2008 to 12/31/2008, with a status of "Open". The form category is "Performance".

Student Name:	April Peters
Supervisor:	Lynn Howe
Department:	12345-Medical/Surgical
Job Title:	5678-Registered Nurse
Assessor:	Lynn Howe
Evaluation Period:	1/1/2008 - 12/31/2008
Status:	Open
Score:	
Form Category:	Performance

- Internet based application
 - Delivers courseware
 - Manages education processes
- Generates \$10-\$20 per employee per year in subscription fees
- 3-year average contract span

Leading Market Share for Learning Center:

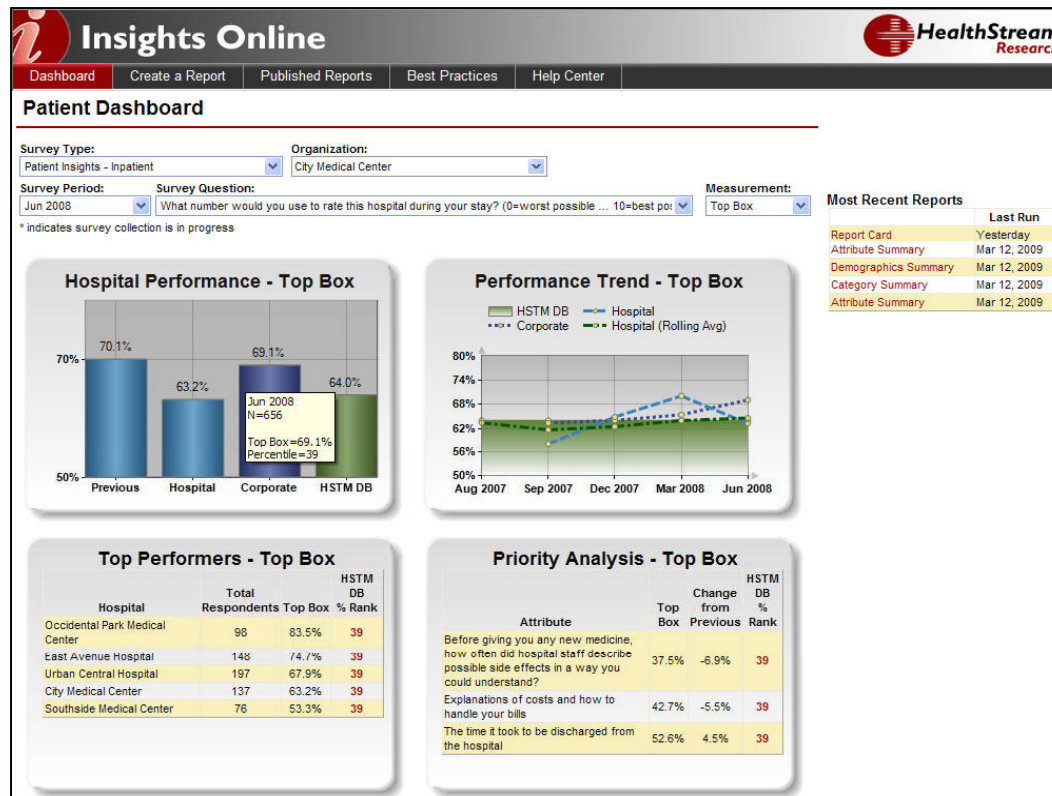
45% *(Based on Number of Employees)*





**Patient
insights**

Core Research Product: Patient Insights Survey - HCAHPS



Top Performers - Top Box

Hospital	Total Respondents	Top Box %	HSTM DB % Rank
Occidental Park Medical Center	98	83.5%	39
East Avenue Hospital	148	74.7%	39
Urban Central Hospital	197	67.9%	39
City Medical Center	137	63.2%	39
Southside Medical Center	76	53.3%	39

Priority Analysis - Top Box

Attribute	Top Box %	Change from Previous %	HSTM DB % Rank
Before giving you any new medicine, how often did hospital staff describe possible side effects in a way you could understand?	37.5%	-6.9%	39
Explanations of costs and how to handle your bills	42.7%	-5.5%	39
The time it took to be discharged from the hospital	52.6%	4.5%	39

Market-leading Customer Base

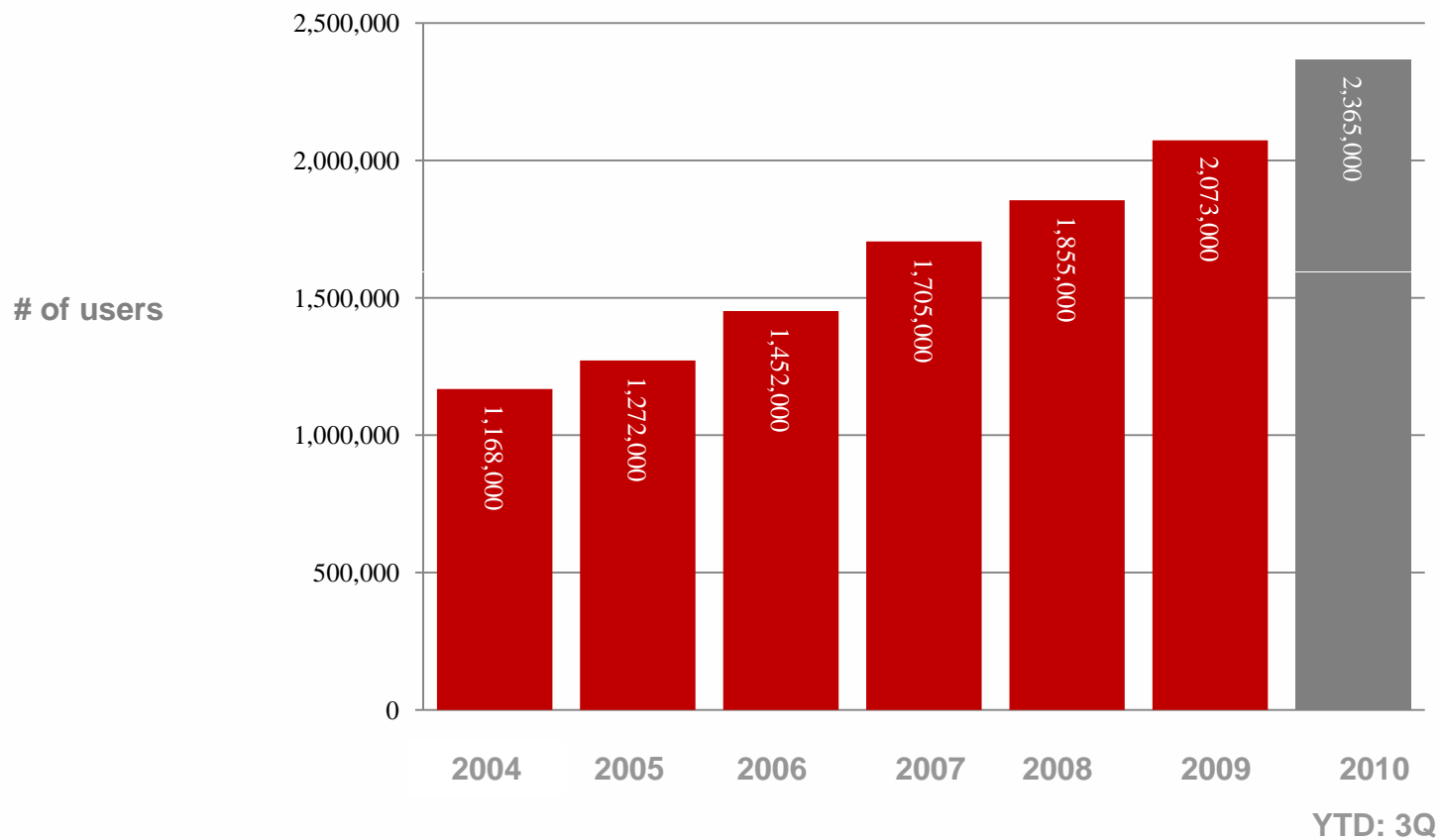
 <p>YALE-NEW HAVEN HOSPITAL</p>	 <p>BON SECOURS HEALTH SYSTEM</p>	 <p>PROVIDENCE Health & Services</p>
 <p>HCA</p>	 <p>Tenet</p>	 <p>STANFORD HOSPITAL & CLINICS <i>Stanford University Medical Center</i></p>
 <p>TRINITY HEALTH Novi, Michigan</p>	 <p>JOHNS HOPKINS M E D I C I N E</p>	 <p><i>Sutter Health</i> Community Based, Not For Profit</p>
 <p>CEDARS-SINAL</p>	 <p>CHRISTUS Health®</p>	 <p>Resurrection Health Care®</p>

Over 2.36 Million Hospital Employee Subscribers



- Includes all hospital employees
- Nurses represent 35% of total
- 70,000 courses completed each day

Growth of Hospital Employee Subscribers



HealthStream Learning - Renewal Rates

1st Quarter 2010:

100% (Number of Employees)

109% (Contract Value)

2nd Quarter 2010:

101% (Number of Employees)

107% (Contract Value)

3rd Quarter 2010:

100% (Number of Employees)

106% (Contract Value)

Growing Revenue through Add-on Software Applications

HealthStream
LEARNING
CENTER

HLC

AUTHORING
CENTER

COMPETENCY
CENTER

NEW

Growing Revenue through Add-on Content Subscriptions

OSHA

HIPAA

AACN

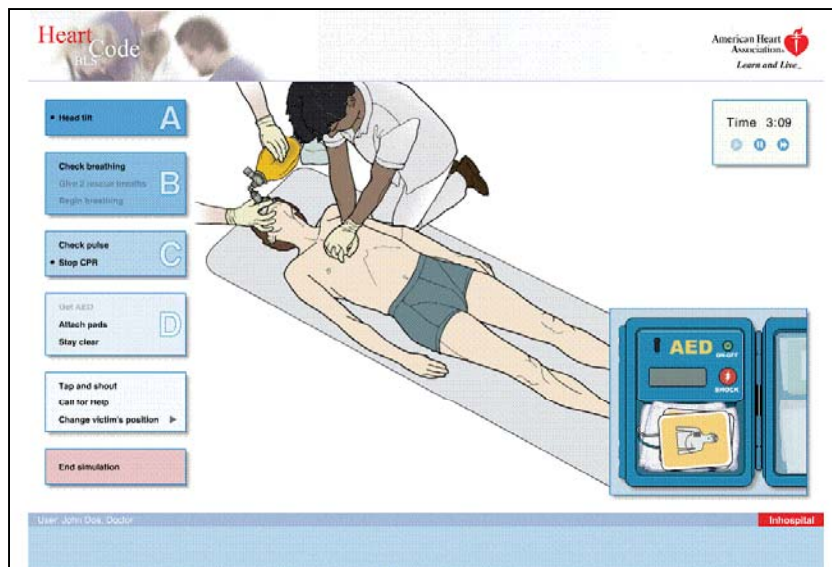
PERINATAL

BLS/ACLS

37 Content Partners
4,000 online courses

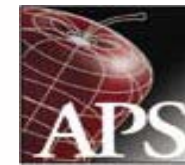
Example: Increasing Revenues per Hospital Employee

Laerdal's Online Basic Life Support Course

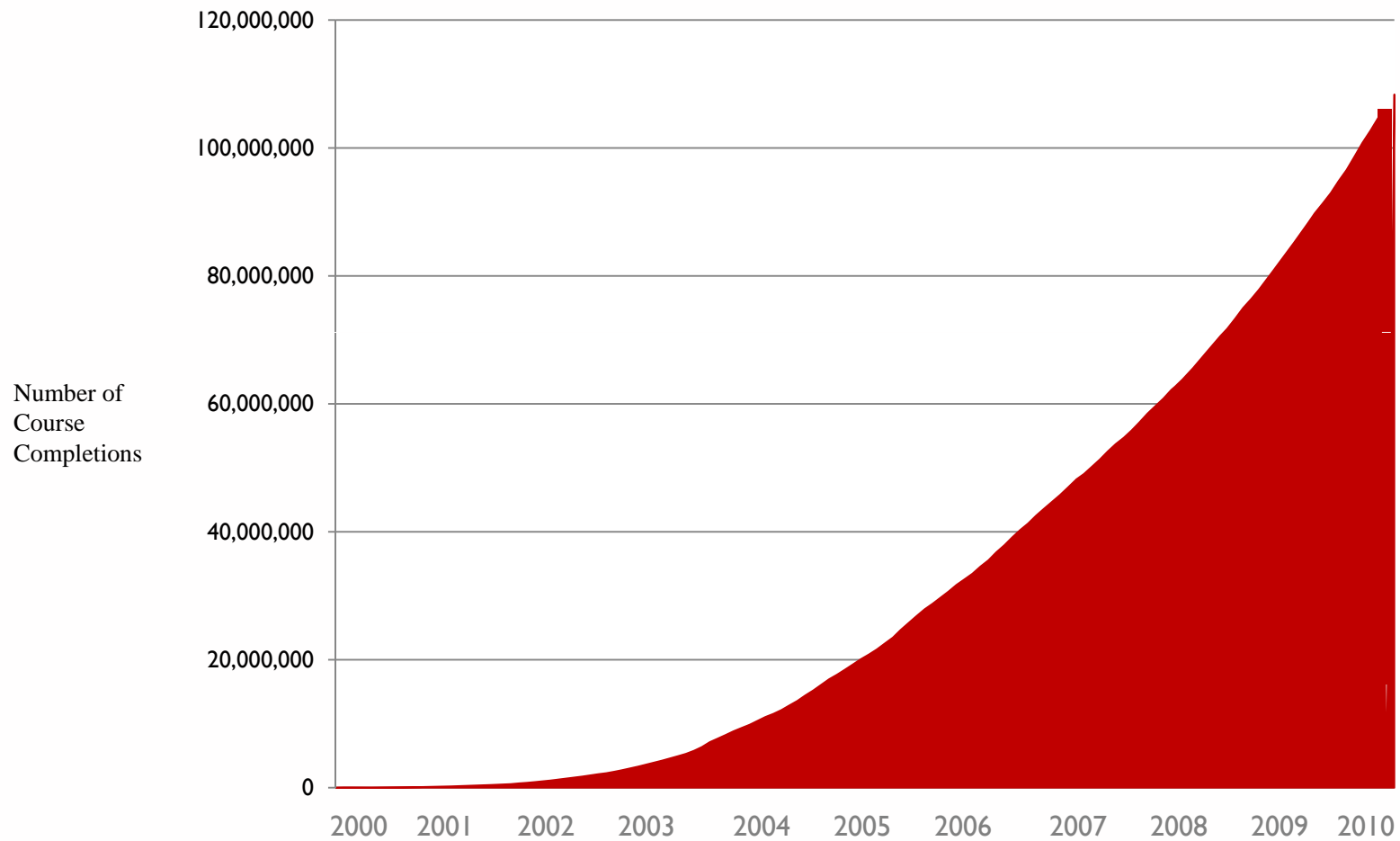


- Based on American Heart Association's guidelines
- Over 1 million annual BLS certifications, nationwide, in hospitals
- Projected Average Pricing: \$35 per employee for BLS

AMERICAN
ASSOCIATION
of CRITICAL-CARE
NURSES



Growth in Course Completions



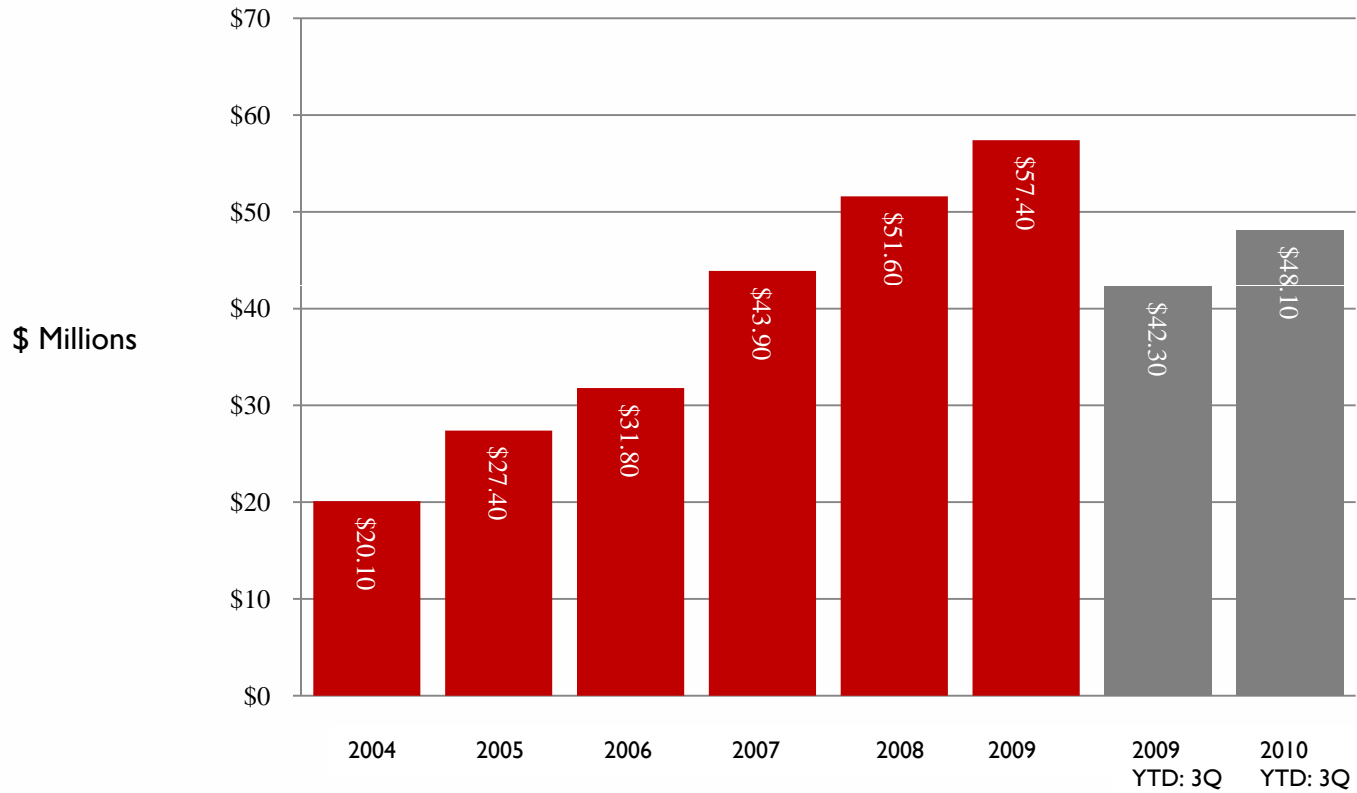
SimVentures



- SimVentures announced 23 June 2010
- Virtual Joint Venture – with Laerdal Medical
- 1st product launch anticipated at International Meeting for Simulation in Healthcare – January 21-26, 2011, New Orleans

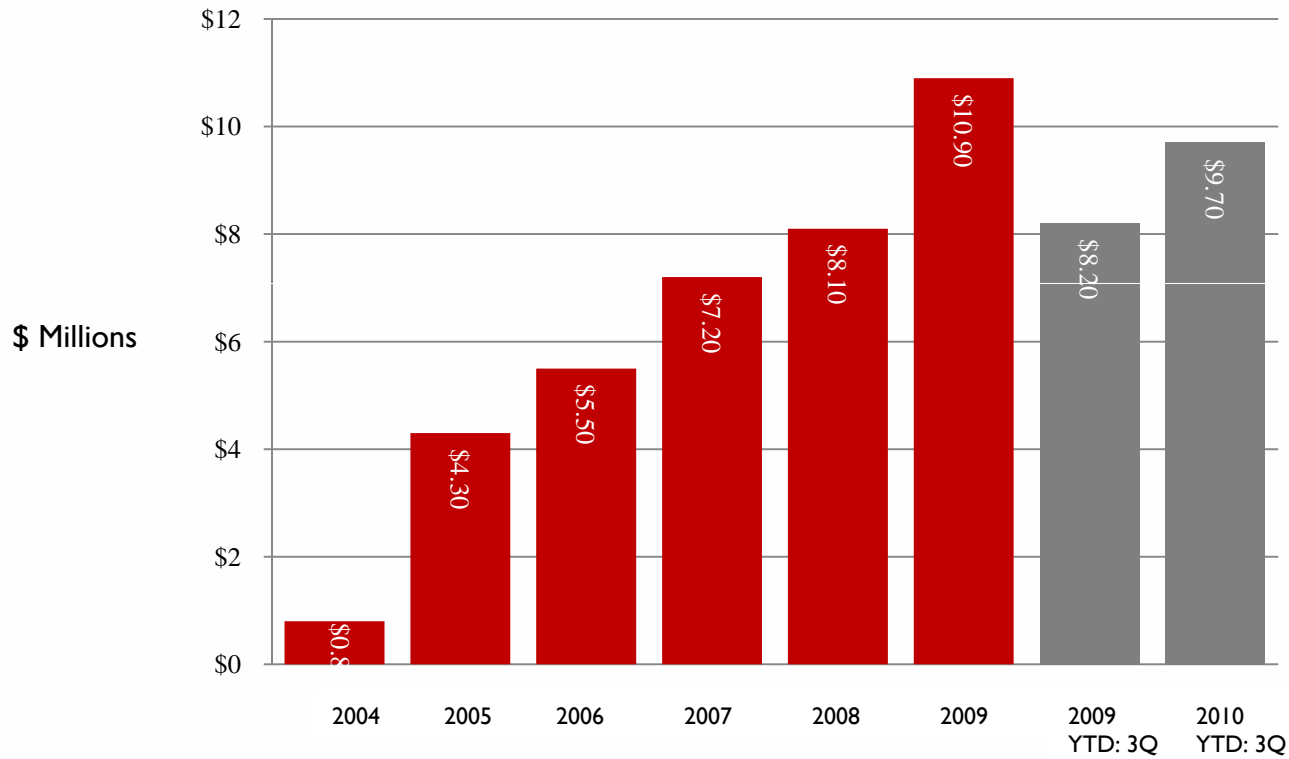
Annual Revenue

(millions of dollars)



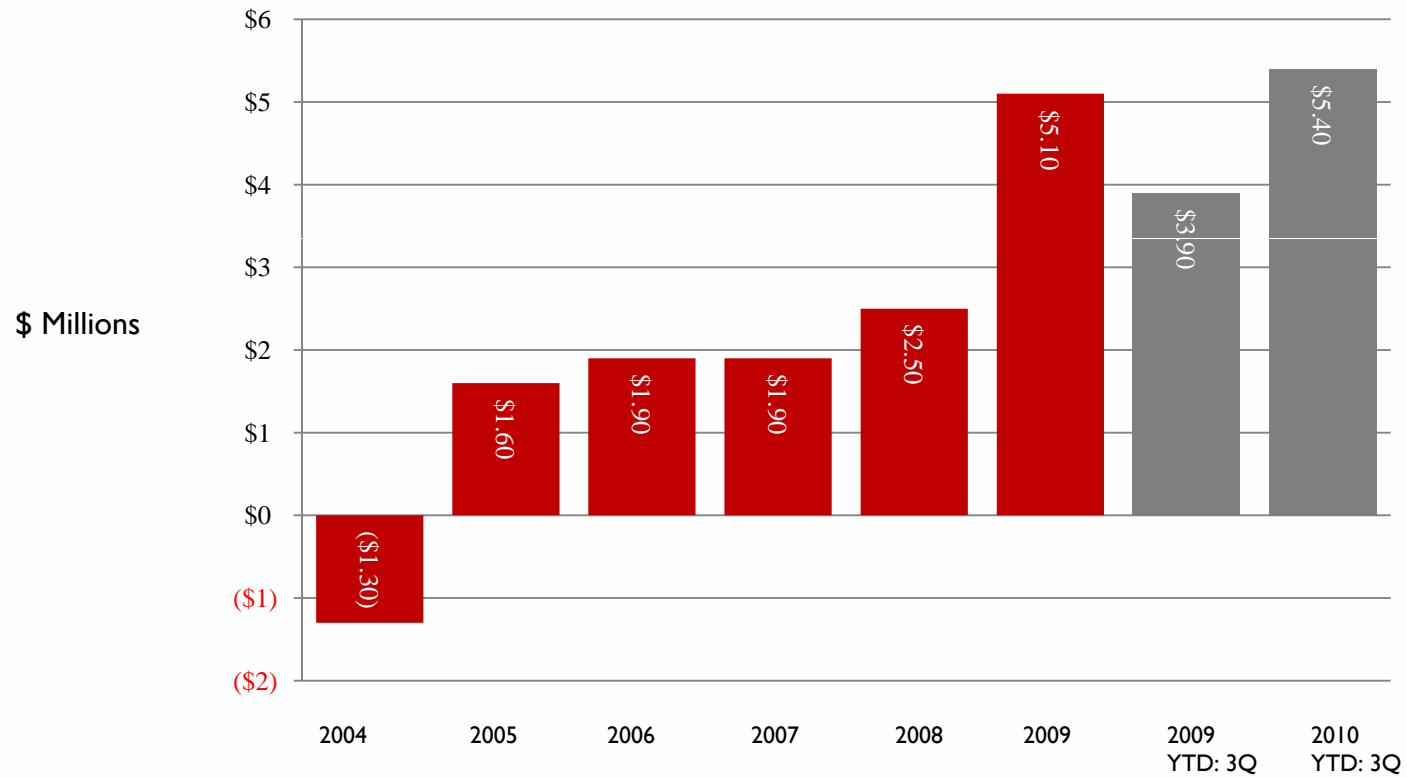
Adjusted EBITDA

(annual; millions)



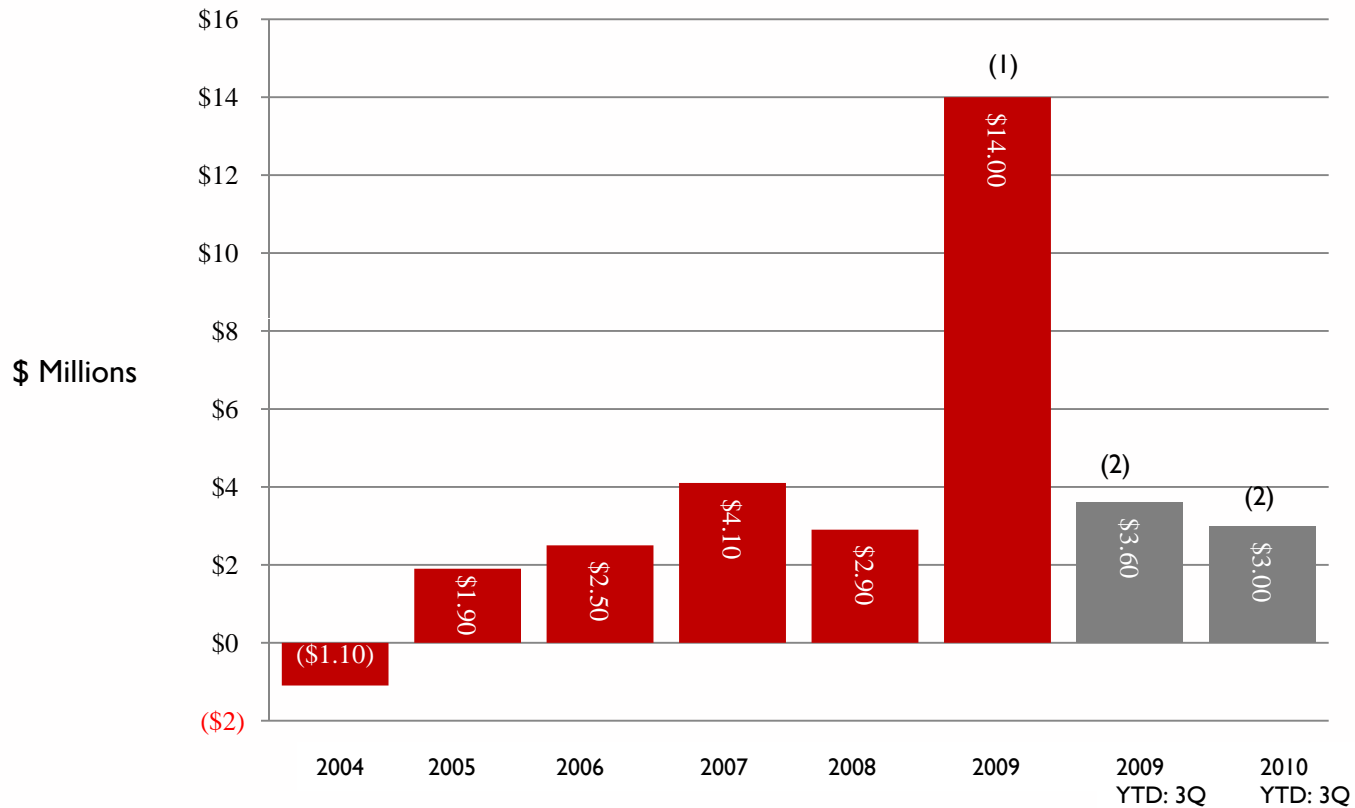
Operating Income Trend

(annual; \$ millions)



Net Income

(annual; millions)



(1) 2009 net income includes \$9.1 million income tax benefit from release of substantially all of remaining income tax valuation allowances.

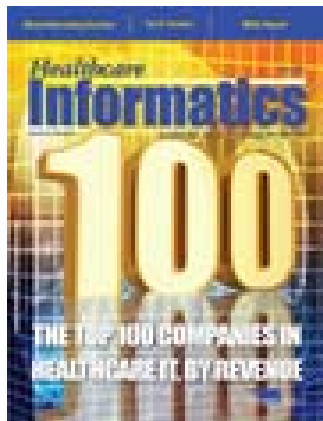
(2) 2010 year to date book net income includes non-cash GAAP provision for income taxes, but does not create income tax liability.

Financial Performance Continues in YTD 2010 Results

(000's except percents)

	2010	2009	Change
Revenue	\$48,100	\$42,300	+14.0%
Operating Income	\$5,400	\$3,900	+41.0%

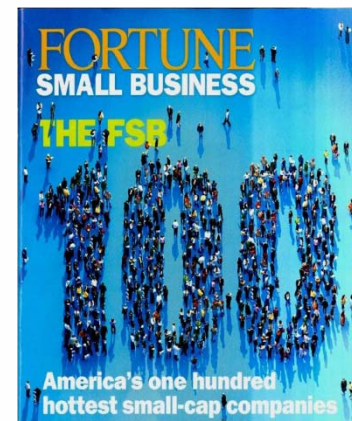
National Recognition in last 12 months



Ranked **#61** in 2010
HCI 100 Top Healthcare IT
companies in U.S.




Ranked **#4** for largest
patient satisfaction
measurement firms



Ranked **#33** among top 100
fastest growing small
companies in the U.S.

Independent Research Coverage

 **First Analysis** - Initiated October 2010



- Initiated October 2010



Sidoti & Company, LLC - Initiated September 2010
member FINRA & SIPC

AVONDALE PARTNERS - Initiated June 2010

 **Noble Financial** - Initiated May 2006

HealthStream Investor Relations: Contact Information

Mollie Condra, Ph.D.

Associate Vice President, Communications & Investor Relations

mollie.condra@healthstream.com

615-429-9744 – cell

615-301-3237 - office

www.healthstream.com

615-301-3100