

FOR IMMEDIATE RELEASE

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Health Fitness Announces its Third Quarter 2005 Results and an Equity Financing Transaction

MINNEAPOLIS, November 16, 2005 --- Health Fitness Corporation (OTC BB: HFIT) today announced its financial results for the third quarter and nine months ended September 30, 2005 and the closing of a \$10.2 million equity financing transaction.

For the third quarter 2005, revenue grew 2.4% to \$13,464,278, from \$13,154,340 for the same period last year. Gross profit during the quarter increased 4.5% to \$3,498,814, from \$3,347,083 for the same quarter last year. Net earnings applicable to common shareholders increased 8.9% to \$506,488, from \$465,164 for the same quarter last year. Net earnings per diluted share were \$0.03, which is unchanged from \$0.03 for the same quarter last year.

For the nine months ended September 30, 2005, revenue grew 4.3% to \$40,607,994, from \$38,950,429 for the same period last year. Gross profit increased 5.2% to \$10,391,232, from \$9,876,378 for the same period last year. Net earnings applicable to common shareholders increased 28.3% to \$1,632,605, from \$1,272,625 for the same period last year. Net earnings per diluted share were \$0.10, which is a 25% increase from \$0.08 for the same period last year.

“For our third quarter, revenue growth compared to the same period in 2004 was 2.4%, which is lower than the 5.2% revenue growth rate that we realized for the first six months of this year and will likely give us a revenue growth rate between 4% and 4.5% for 2005,” said Jerry Noyce, Health Fitness Corporation CEO and President. “This decreased rate of growth is primarily due to revenue lost from contract terminations exceeding revenue added from new contracts, which is a timing issue we often have to deal with in making quarter-over-quarter comparisons.” Noyce added that “We generally evaluate revenue trends in our fitness and health management services business based upon 12-to-18 month periods, and we do not view quarterly revenue as necessarily indicative of the Company’s outlook or results to be expected in future quarters. During the past two months we have discussed future annual revenue growth rate targets with investors and

potential investors based on two different business scenarios that we may follow, and we communicated these targets to the broader investment community in our September 9 Regulation FD disclosure.” Noyce said the Company does not plan to revise these future targets as to 2006 and beyond based on 3rd Quarter results and referred investors to the Company’s September 9 Regulation FD disclosure for appropriate cautionary statements and risk factors relative to the assumptions underlying these future targets.

Revenue data:	Three Months Ended September 30,			Nine Months Ended September 30,		
	2005	2004	% Change	2005	2004	% Change
<u>Fitness Management Revenue</u>						
Staffing Services	\$9,504,194	\$9,855,438	(3.6)%	\$28,801,495	\$29,336,224	(1.8)%
Program Services	769,924	470,988	63.5%	2,350,584	1,411,836	66.5%
Consulting Services	50,941	43,323	17.6%	163,658	114,588	42.8%
	<u>10,325,059</u>	<u>10,369,749</u>	<u>(0.4)%</u>	<u>31,315,737</u>	<u>30,862,648</u>	<u>1.5%</u>
<u>Health Management Revenue</u>						
Staffing Services	2,982,339	2,659,217	12.2%	8,829,253	7,860,008	12.3%
Program Services	146,518	116,525	25.7%	438,211	209,443	109.2%
Consulting Services	10,362	8,849	17.1%	24,793	18,330	35.3%
	<u>3,139,219</u>	<u>2,784,591</u>	<u>12.7%</u>	<u>9,292,257</u>	<u>8,087,781</u>	<u>14.9%</u>
<u>Total Revenue</u>						
Staffing Services	12,486,533	12,514,655	(0.2)%	37,630,748	37,196,232	1.2%
Program Services	916,442	587,513	56.0%	2,788,795	1,621,279	72.0%
Consulting Services	61,303	52,172	17.5%	188,451	132,918	41.8%
	<u>\$13,464,278</u>	<u>\$13,154,340</u>	<u>2.4%</u>	<u>\$40,607,994</u>	<u>\$38,950,429</u>	<u>4.3%</u>

Financial Highlights for the Three and Nine Months Ended September 30, 2005

- The decrease in Fitness Management Staffing revenue for the third quarter and year-to-date is attributed to higher-than-normal revenue attrition from contracts that were acquired in December 2003. Since contract attrition can be unpredictable, the Company generally does not view short-term changes in contract revenue to be indicative of future results, or a trend in the business. New contracts the Company secures may take 90 to 180 days to generate full revenue. At the same time, many of the Company’s contracts can be terminated with a 30 day notice. Because this timing difference can temporarily affect revenue results, the Company generally evaluates prospective revenue trends over a 12 to 18 month period.
- Fitness Management Program Services are fee-for-service revenues we earn at managed fitness centers for services such as personal training, massage therapy, weight loss programs and specialty fitness classes. The increase for the third quarter and year-to-date is attributed to higher utilization of these services by fitness center members.
- The growth of Health Management Staffing Services revenue for the third quarter and year-to-date is due primarily to new contracts to manage corporate wellness programs and growth of existing programs.
- Health Management Program Services include revenue derived from providing employee health risk assessments, biometric screening services, health data collection and management and electronic health education platform. The increase for the third quarter and year-to-date is attributed to higher utilization of these services by existing customers as well as new customers.

- Gross profit as a percent of revenue increased to 26.0% for the third quarter, from 25.4% for the same period last year. This increase is due primarily to a \$225,000 refund of 2004 worker's compensation insurance premiums, which is due to favorable 2004 claims activity. Offsetting this increase were decreases in gross profit associated with contract terminations that had higher margins and higher employee medical costs. Year to date gross profit as a percent of revenue increased to 25.6%, from 25.4% for the same period last year. This increase is due primarily to the refund of 2004 worker's compensation insurance premiums. Offsetting this increase were decreases in gross profit associated with contract terminations that had higher margins and higher costs for employee medical benefits.
- Interest expense decreased \$122,137 and \$356,484 for the third quarter and nine months ended September 30, 2005. This decrease is primarily due to the repayment of our 12%, \$2 million Senior Subordinated Note in December 2004.
- Long-Term Obligations decreased to \$0 for the quarter ended September 30, 2005, from \$22,774 for the quarter ended June 30, 2005.

\$10.2 million Equity Financing

The Company announced that it had completed a \$10.2 million private placement of equity securities with institutional investors. The new equity financing resulted in the original issuance of 1,000 shares of Series B Convertible Preferred Stock, with a 5% per annum dividend, payable in cash, based upon the \$10.2 million gross proceeds received by the Company. The Series B Convertible Preferred Stock will automatically convert into approximately 5.1 million shares of Common Stock effective on the date the Securities and Exchange Commission declares effective a registration statement to be filed by the Company with respect to the 5.1 million shares of Common Stock issued to the new investors. The registration statement is expected to become effective no later than March 15, 2006. The Company also issued the investors 5-year warrants to purchase approximately 1.5 million shares of Common Stock for \$2.40 per share, subject to customary weighted-average anti-dilution adjustments. Noyce commented, "We are excited about the confidence shown by the new investors with respect to our industry, and our business and growth plans. We believe that the financing will help us achieve our stated initiatives and growth plans."

The Company anticipates using approximately \$5.1 million of the proceeds from the financing to redeem all of its outstanding shares of Series A Convertible Preferred Stock, currently convertible into approximately 2.2 million shares of Common Stock, together with warrants to purchase approximately 916,000 shares of Common Stock that were issued in connection with the Series A Stock. The remaining proceeds are expected to be used for working capital and to finance growth of the Company's business. Banner Capital Markets and Greene, Holcomb & Fischer LLC, acted as placement agents for the Company.

About The Company

Health Fitness Corporation is a leading provider of results-oriented health improvement management services to corporations, hospitals, universities and communities. Serving clients since 1975, the Company provides fitness and health improvement services at more than 400 sites across the U.S. and Canada. For more information about Health Fitness Corporation, go to www.hfit.com

Forward-Looking Statements

Certain statements in this release, including, without limitation, those relating to management's belief that the Company's 2005 revenue growth rate will likely be between 4% and 4.5%, are forward-looking statements. Any statements that are not based upon historical facts, including the outcome of events that have not yet occurred and our expectations for future performance, are forward-looking statements. The words "believe," "estimate," "expect," "intend," "may," "could," "will," "plan," "anticipate," and similar words and expressions are intended to identify forward-looking statements. Such statements are based upon the current beliefs and expectations of our management. Actual results may vary materially from those contained in forward-looking statements based on a number of factors including, without limitation, our inability to meet the growing employee health management demands of major corporations and other factors disclosed from time to time in our filings with the U.S. Securities and Exchange Commission. You should take such factors into account when making investment decisions and are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update any forward-looking statements.

Financial tables follow ...

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HEALTH FITNESS CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
REVENUE	\$13,464,278	\$13,154,340	\$40,607,994	\$38,950,429
COSTS OF REVENUE	9,965,464	9,807,257	30,216,762	29,074,051
GROSS PROFIT	3,498,814	3,347,083	10,391,232	9,876,378
OPERATING EXPENSES				
Salaries	1,449,297	1,408,482	4,243,782	4,180,760
Other selling, general and administrative	945,540	784,560	2,625,037	2,438,170
Amortization of acquired intangible assets	220,095	219,583	659,432	658,750
Total operating expenses	<u>2,614,932</u>	<u>2,412,625</u>	<u>7,528,251</u>	<u>7,277,680</u>
OPERATING INCOME	883,882	934,458	2,862,981	2,598,698
OTHER INCOME (EXPENSE)				
Interest expense	4,035	(118,102)	(24,214)	(380,698)
Other, net	(2,404)	908	(4,394)	2,298
EARNINGS BEFORE INCOME TAXES	<u>885,513</u>	<u>817,264</u>	<u>2,834,373</u>	<u>2,220,298</u>
INCOME TAX EXPENSE	<u>354,206</u>	<u>330,500</u>	<u>1,133,749</u>	<u>882,873</u>
NET EARNINGS	531,307	486,764	1,700,624	1,337,425
Dividend to preferred shareholders	<u>24,819</u>	<u>21,600</u>	<u>68,019</u>	<u>64,800</u>
NET EARNINGS APPLICABLE TO COMMON SHAREHOLDERS	<u>\$506,488</u>	<u>\$465,164</u>	<u>\$1,632,605</u>	<u>\$1,272,625</u>
NET EARNINGS PER SHARE:				
Basic	\$ 0.04	\$ 0.04	\$ 0.13	\$ 0.10
Diluted	0.03	0.03	0.10	0.08
WEIGHTED AVERAGE COMMON SHARES:				
Basic	12,836,971	12,550,679	12,704,035	12,482,060
Diluted	16,662,753	16,122,175	16,633,799	16,078,873

See notes to consolidated financial statements.

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HEALTH FITNESS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2005	December 31, 2004
ASSETS		
CURRENT ASSETS		
Cash	\$ 38,031	\$ 241,302
Trade and other accounts receivable, less allowances of \$199,400 and \$210,700	8,428,337	8,147,430
Prepaid expenses and other	840,576	213,954
Deferred tax assets	483,100	1,660,100
Total current assets	9,790,044	10,262,786
PROPERTY AND EQUIPMENT, net	190,581	150,308
OTHER ASSETS		
Goodwill	9,022,501	9,022,501
Customer contracts, less accumulated amortization of \$1,481,900 and \$875,700	248,056	854,306
Trademark, less accumulated amortization of \$129,000 and \$75,800	228,068	274,167
Other intangible assets, less accumulated amortization of \$86,300 and \$81,300	11,767	61,493
Deferred tax assets	352,000	221,400
Other	55,953	87,015
	\$ 19,898,970	\$ 20,933,976
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	\$ 799,167	\$ 840,155
Accrued salaries, wages, and payroll taxes	1,885,032	2,768,734
Other accrued liabilities	378,568	495,770
Accrued self funded insurance	184,592	225,500
Deferred revenue	1,814,137	1,977,093
Total current liabilities	5,061,496	6,307,252
LONG-TERM OBLIGATIONS	-	1,612,759
COMMITMENTS AND CONTINGENCIES	-	-
CUMULATIVE CONVERTIBLE PREFERRED STOCK, 10,000,000 shares authorized, 1,111,105 and 1,063,945 issued and outstanding	1,567,715	1,530,232
STOCKHOLDERS' EQUITY		
Common stock, \$0.01 par value; 50,000,000 shares authorized; 12,907,023 and 12,582,170 shares issued and outstanding	129,070	125,822
Additional paid-in capital	17,982,591	17,836,675
Accumulated comprehensive income	6,717	2,459
Accumulated deficit	(4,848,619)	(6,481,223)
	13,269,759	11,483,733
	\$ 19,898,970	\$ 20,933,976

See notes to consolidated financial statements.

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