

FOR IMMEDIATE RELEASE



FROM: Health Fitness Corporation
3600 American Blvd West, Suite 560
Minneapolis, MN 55431
952-831-6830

CONTACT: Wes Winnekins, CFO, 952-897-5275 – wwinnekins@hfit.com
-or- John Mills, Integrated Corporate Relations, 310-954-1105

HEALTH FITNESS ANNOUNCES RECORD THIRD QUARTER 2006 FINANCIAL RESULTS

- Company achieves 21.4% increase in total revenue
- Health management revenue expanded 61.2%
- Gross profit as a percent of revenue increased to 32.3%
- Net earnings to common shareholders grew 131.8% to \$1.2 million

MINNEAPOLIS, MN — November 6, 2006 — Health Fitness Corporation (OTC BB: HFIT), a leading employee health improvement company, today announced financial results for the third quarter and nine months ended September 30, 2006.

For the quarter ended September 30, 2006, revenue increased 21.4% to \$16.3 million, from \$13.5 million for the same period last year. Gross profit during the quarter increased 50.9% to \$5.3 million, from \$3.5 million for the same period last year. Operating income increased 126.6% to \$2.0 million, from \$0.9 million for the same period last year. Net earnings applicable to common shareholders increased 131.8% to \$1.2 million, from \$0.5 million for the same period last year. Net earnings per diluted share increased to \$0.06, from \$0.03 for the same period last year.

For the nine months ended September 30, 2006, revenue increased 14.5% to \$46.5 million, from \$40.6 million for the same period last year. Gross profit increased 25.5% to \$13.0 million, from \$10.4 million for the same period last year. Operating income increased 7.3% to \$3.1 million, from \$2.9 million for the same period last year. Net earnings applicable to common shareholders increased 51.0% to \$2.5 million, from \$1.6 million for the same period last year. Net earnings per diluted share was \$0.09, compared to \$0.10 for the same period last year. The decrease in earnings per diluted share is attributed to an additional 2.9 million shares issued in connection with the Company's PIPE financing in November 2005, and 847,281 shares issued in connection with the Company's acquisition of HealthCalc.Net, Inc. in December 2005.

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“We are very pleased with our record revenue, earnings and strong improvement in gross and operating margins for the third quarter,” said Jerry Noyce, Health Fitness Corporation President and CEO. “These results reflect growth in both of our key business areas, including the significant expansion of our higher margin health management program offerings. Specifically, approximately 75% of our growth for the third quarter, compared to last year, is attributed to the growth of our health management business area, which has come from existing and new customers.”

“Looking ahead, we are very excited about the direction of this growth. To ensure that future growth opportunities are realized, we will continue to invest in the development of our health management business area, including new staff positions to enhance operations, sales and marketing, new, higher margin programs such as telephonic health advising and coaching, web-based health coaching and the expansion of our on-site health assessment programs,” continued Mr. Noyce. “In future quarters, when these anticipated investments are made, our operating margins may be lower than current levels, but we believe these investments will better position us for long-term, sustainable revenue and margin growth.”

“During the third quarter of 2006, we won two new contracts within our health management business area, which may realize incremental annualized revenue of approximately \$1.0 million. Within our fitness management business area, we won three new contracts, which may realize incremental annualized revenue of approximately \$0.5 million. This new business is in addition to the potential annualized revenue of \$6.4 million and \$2.7 million from health and fitness management contracts, respectively, that we previously reported through the first six months ended June 30, 2006. The combined total for new annualized revenue will be offset by a potential annualized revenue loss of \$1.2 million from 2006 contract cancellations.”

“Our balance sheet continues to strengthen, with cash of \$0.7 million, working capital of \$6.9 million, which is an increase of \$2.0 million since December 31, 2005, no long-term debt and a \$12.8 million increase in stockholders’ equity since December 31, 2005. Because of our strong balance sheet, our internal resources are adequate to fund the investments we are making to enhance the growth and profitability of our business.”

Mr. Noyce concluded, “As we continue to expand client base, we believe our future growth will come organically through existing and new health management programs, our existing fitness management customers who desire to move toward an integrated employee health improvement program and international expansion as our multi-national customers begin to offer our services to their entire work force. We are very excited about fulfilling our mission to help our customers manage their healthcare costs by improving the health and well-being of their employees.”

Financial Highlights for the Third Quarter of 2006

- Health management revenue grew 61.2% to \$5.7 million, from \$3.5 million for the same period last year. Of this \$2.2 million in revenue growth, HealthCalc contributed approximately \$0.5 million, or 23.7%. Compared to revenue of \$5.0 million for the second quarter of 2006, health management revenue grew 14.5%.
- Fitness management revenue grew 7.2% to \$10.7 million, from \$9.9 million for the same period last year. Compared to revenue of \$10.6 million for the second quarter of 2006, fitness management revenue grew 0.4%.
- As a result of the growth in our health management business area, our total revenue of \$16.3 million for the third quarter represents a 4.9% increase over total revenue of \$15.6 million for our second quarter ended June 30, 2006.
- For the third quarter, gross profit as a percent of revenue increased to 32.3%, from 26.0% for the same period last year. Gross profit for the three months ended September 30, 2006 and 2005 included a \$313,000 and \$225,000 benefit, respectively, related to a refund of workers compensation premiums for our 2005 and 2004 plan years. Excluding the effect of these premium refunds, gross profit as a percent of revenue would be 30.4% and 24.3% for the quarters ending September 30, 2006 and 2005, respectively.
- Operating expenses as a percent of revenue increased to 20.0% from 19.4% for the same period last year. This increase is primarily due to an increase in our salaries expense, which is attributed to our investment in 2005 to hire additional staff to execute our health management business plan, our acquisition of HealthCalc in December 2005 and stock option compensation expense. These expense increases were partially offset by a decrease in amortization expense related to a prior acquisition.
- Operating margin increased to 12.3% for the third quarter, up from 6.6% for the same period last year. Excluding stock option compensation expense of approximately \$0.1 million, operating margin was 12.7% for the three months ended September 30, 2006.

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Financial Highlights for Nine Months Ended September 30, 2006 Compared to the Same Period Last Year.

- Health management revenue grew 41.9% to \$14.9 million, from \$10.5 million. Fitness management revenue grew 4.9% to \$31.6 million, from \$30.1 million.
- Of the \$4.4 million revenue growth over 2005 for our health management business area, \$1.5 million, or 34.0%, is attributed to HealthCalc, and \$2.9 million is attributed to new contracts and incremental business from existing contracts. The growth we've experienced in our fitness management business area is primarily attributed to new contracts and lower contract attrition compared to 2005.
- Gross profit as a percent of revenue increased to 28.1%, from 25.6% for the same period last year. This increase is predominantly driven by the increase in health management revenue discussed above. Gross profit for the nine months ended September 30, 2006 and 2005 included a \$313,000 and \$225,000 benefit, respectively, related to a refund of workers compensation premiums for our 2005 and 2004 plan years. Excluding the effect of these premium refunds, gross profit as a percent of revenue would be 27.4% and 25.0% for the nine months ending September 30, 2006 and 2005, respectively.
- Operating expenses as a percent of revenue increased to 21.5% from 18.5% for the same period last year. This increase is primarily due to an increase in salaries expense, which is attributed to our investment in 2005 to hire additional staff to execute our health management business plan, our acquisition of HealthCalc in December 2005 and stock option compensation expense. These expense increases were partially offset by a decrease in amortization expense related to a prior acquisition.
- Operating margin for the period was 6.6%, down from 7.1% for the same period last year. Excluding stock option compensation expense of \$0.3 million, operating margin was 7.3% for the nine months ended September 30, 2006.

Conference Call

Health Fitness Corporation will host a conference call today, November 6, 2006 at 2:00 p.m. Pacific (5:00 p.m. Eastern). Participating in the call will be Jerry Noyce, President and Chief Executive Officer, and Wes Winnekins, Chief Financial Officer. To listen to the call from the U.S. dial 1-800-811-8824; internationally, dial 1-913-981-4903. The call will also be broadcast live over the Internet, which is accessible through the Investor Relations section of the Company's website at www.hfit.com, where the call will be archived for 30 days.

About the Company

Health Fitness Corporation is a leading provider of employee health improvement services to corporations, hospitals, and communities. Serving clients for over 30 years, HFC provides fitness and health management services to more than 400 on-site and remote locations 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 anticipated operational investments will better position the Company for long-term sustainable revenue and margin growth, and that growth will come organically from a number of areas, are forward-looking statements. In addition, the estimated annualized revenue value of our new and lost contracts is a forward looking statement, which is based upon an estimate of the anticipated annualized revenue to be realized or lost. Such information should be used only as an indication of the activity we have recently experienced in our two business areas. These estimates, when considered together, should not be considered an indication of the total net, incremental revenue growth we expect to generate in 2006, or in any year, as actual net growth may differ from these estimates due to actual staffing levels, participation rates and contract duration, in addition to other revenue we may lose in the future due to contract termination. 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 deliver the health management services demanded by major corporations, our inability to successfully cross-sell health management services to our fitness management clients, and other factors disclosed from time to time in our filings with the U.S. Securities and Exchange Commission including our Form 10-K for 2005 as filed with the SEC. 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...

HEALTH FITNESS CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
REVENUE	\$16,340,380	\$13,464,278	\$46,482,771	\$40,607,994
COSTS OF REVENUE	11,061,752	9,965,464	33,439,649	30,216,762
GROSS PROFIT	5,278,628	3,498,814	13,043,122	10,391,232
OPERATING EXPENSES				
Salaries	2,045,284	1,449,297	6,187,653	4,243,782
Other selling, general and administrative	1,133,118	945,540	3,471,455	2,625,037
Amortization of acquired intangible assets	96,986	220,095	313,058	659,432
Total operating expenses	3,275,388	2,614,932	9,972,166	7,528,251
OPERATING INCOME	2,003,240	883,882	3,070,956	2,862,981
OTHER INCOME (EXPENSE)				
Interest expense	(1,681)	4,035	(5,831)	(24,214)
Change in fair value of warrants	-	---	841,215	-
Other, net	(2,529)	(2,404)	7,532	(4,394)
EARNINGS BEFORE INCOME TAXES	1,999,030	885,513	3,913,872	2,834,373
INCOME TAX EXPENSE	825,189	354,206	1,352,884	1,133,749
NET EARNINGS	1,173,841	531,307	2,560,988	1,700,624
Dividend to preferred shareholders	-	24,819	96,410	68,019
NET EARNINGS APPLICABLE TO COMMON SHAREHOLDERS	\$1,173,841	\$506,488	\$2,464,578	\$1,632,605
NET EARNINGS PER SHARE:				
Basic	\$ 0.06	\$ 0.04	\$ 0.14	\$ 0.13
Diluted	\$ 0.06	\$ 0.03	\$ 0.09	\$ 0.10
WEIGHTED AVERAGE COMMON SHARES:				
Basic	18,963,948	12,836,971	17,665,550	12,704,035
Diluted	19,550,662	16,662,753	19,680,363	16,633,799

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HEALTH FITNESS CORPORATION
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2006	December 31, 2005
ASSETS		
CURRENT ASSETS		
Cash	\$ 713,043	\$ 1,471,505
Trade and other accounts receivable, less allowances of \$180,000 and \$200,700	10,840,104	8,839,046
Prepaid expenses and other	1,026,142	509,273
Deferred tax assets	347,700	337,800
Total current assets	<u>12,926,989</u>	<u>11,157,624</u>
PROPERTY AND EQUIPMENT, net	537,521	347,820
OTHER ASSETS		
Goodwill	13,020,290	12,919,689
Software, less accumulated amortization of \$265,500 and \$0	1,774,061	1,762,000
Customer contracts, less accumulated amortization of \$1,796,100 and \$1,626,100	18,890	188,889
Trademark, less accumulated amortization of \$221,500 and \$147,000	271,620	346,057
Other intangible assets, less accumulated amortization of \$149,300 and \$88,000	379,774	441,086
Deferred tax assets	394,760	374,500
Other	29,604	47,105
	<u>\$ 29,353,509</u>	<u>\$ 27,584,770</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	\$ 874,562	\$ 687,125
Accrued salaries, wages, and payroll taxes	2,144,943	2,693,927
Other accrued liabilities	1,009,626	763,115
Accrued self funded insurance	344,288	250,000
Deferred revenue	1,681,077	1,868,446
Total current liabilities	<u>6,054,496</u>	<u>6,262,613</u>
LONG-TERM OBLIGATIONS	-	-
COMMITMENTS AND CONTINGENCIES	-	-
WARRANT OBLIGATION	-	2,210,889
PREFERRED STOCK, \$0.01 par value, 10,000,000 shares authorized, 0 and 1,000 shares issued and outstanding	-	8,623,546
STOCKHOLDERS' EQUITY		
Common stock, \$0.01 par value; 50,000,000 shares authorized; 19,001,771 and 13,787,349 shares issued and outstanding	190,017	137,874
Additional paid-in capital	25,921,323	15,625,425
Accumulated comprehensive income	(85)	1,245
Accumulated deficit	(2,812,242)	(5,276,822)
	<u>23,299,013</u>	<u>10,487,722</u>
	<u>\$ 29,353,509</u>	<u>\$ 27,584,770</u>