

FOR IMMEDIATE RELEASE



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HEALTH FITNESS ANNOUNCES FIRST QUARTER 2006 FINANCIAL RESULTS

MINNEAPOLIS, MN — May 10, 2006 — Health Fitness Corporation (OTC Bulletin Board: HFIT) today reported financial results for its first quarter ended March 31, 2006. Comparative results for the first quarter of 2006 and 2005 respectively, were:

- Total revenue increased 8.2% to \$14.6 million from \$13.5 million;
- Operating income decreased 65.3% to \$0.4 million from \$1.1 million;
- Net earnings applicable to common shareholders decreased 10.3% to \$0.56 million from \$0.63 million; and
- Diluted earnings per share decreased to \$0.01 per share from \$0.04 per share.

“We are performing close to plan for our first quarter,” said Jerry Noyce, President and Chief Executive Officer. “First quarter results include the planned investment we made in late 2005 and the first quarter of 2006 to enhance and strengthen the operational capabilities of our corporate health management business. We hired several new associates to oversee the development and execution of our health management business plan, in addition to welcoming eighteen new employees from our December 2005 acquisition of HealthCalc.Net. These additional expenses resulted in a decline of our operating profit. At this point, we believe these investments have begun to realize results. We recently launched our health management program to two new Fortune 500 customers and experienced an increase in the number of invitations to propose our health management services to large companies, which otherwise would not have occurred without this investment. These are positive indications that our plan to expand beyond fitness management into a broader platform involving integrated health management services is moving in the right direction.

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To improve our future competitive position, and ensure our plan achieves long-term revenue and profitability growth for our investors, it is imperative that we continue to prudently invest in people and technology. The health of the American population is at its lowest levels, and employers are scrambling to find solutions to stem the rising cost of employee healthcare. We look forward as we improve our capabilities and market position to capitalize on the opportunities that are developing in corporate health management.”

First Quarter Performance

Revenue was \$14,567,261 for the first quarter, up \$1,102,160, or 8.2%, compared to \$13,465,101 for the first quarter last year. Gross profit was \$3,604,480 for the quarter, an increase of \$162,678, or 4.7%, compared to \$3,441,802 for the first quarter last year. Gross profit as a percent of revenue was 24.7% for the quarter compared with 25.6% for the same period last year. A non-cash benefit of \$434,521 was recorded during the first quarter due to a change in the fair value of warrants we issued in 2005 to new investors. Net earnings applicable to common shareholders were \$563,263, a decrease of \$64,671, or 10.3%, compared to \$627,934 for the same quarter last year.

Noyce commented further about financial results for the first quarter:

- “Revenue from our Health Management Program Services increased \$779,302, or 206.0%, to \$1,157,564, from \$378,262 for the first quarter of 2005. This increase is due to revenue of \$590,864 from HealthCalc, a company we acquired in December 2005. The remaining revenue increase of \$188,438 is due to the start-up of two new health management contracts in the energy industry.
- Revenue from fitness and health management staffing contracts increased by \$81,000 and \$21,000 respectively, compared to the first quarter of last year. These increases are due primarily to price increases and revenue from new management contracts outpacing the revenue lost from contracts that canceled during the first quarter of 2005.
- Revenue from Program Services offered at our managed fitness centers increased 45.7% to \$703,434, from \$482,671 for the first quarter of 2005. This increase is due primarily to increased service penetration at managed sites.
- Gross profit as a percent of revenue fell to 24.7% for the quarter, from 25.6% for the first quarter of 2005. This decrease is due primarily to start-up costs for a large fitness management contract in the automotive industry, and two new health management contracts in the energy industry. Our experience indicates that as large contracts enter into full production, gross margins typically improve.

- Operating expenses increased \$879,165, or 37.5%, to \$3,223,537, from \$2,344,372 for the first quarter of 2005. Of this increase, approximately \$509,000 is due to salaries, other operating expenses and asset depreciation related to our acquisition of HealthCalc. In addition, we incurred approximately \$75,000 of stock option compensation expense in the first quarter of 2006 in connection with our adoption of FAS 123R on January 1, 2006. The remaining cost increase of \$295,000 is primarily due to additional staff we hired during 2005 to further develop and better execute our health management business plan. We will continue to incur these expenses on a quarterly basis.
- For the quarter ended March 31, 2006, we recorded \$435,000 of non-cash income related to a change in fair value for 1,530,000 warrants we issued in connection with the sale of \$10.2 million of our Series B Convertible Preferred Stock in November 2005. At the time of this financing, the warrants were deemed a derivative liability, which we have reflected on our balance sheet. On a quarterly basis, we are required to revalue these warrants, and the resulting change in value will be reflected in our statement of operations as non-cash income or expense. This warrant liability will remain until the warrants are exercised, expire, or other events take place, the timing of which may be outside our control,” Noyce concluded.

About The Company

Health Fitness Corporation is a leading provider of fitness and health management 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 its health management strategic plan is moving in the right direction, management’s belief that long-term revenue and profitability growth can be achieved, and management’s belief that our investments in corporate health management has begun to realize results, 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 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 ...

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HEALTH FITNESS CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS

	(Unaudited)	
	Three Months Ended	
	March 31,	
	2006	2005
REVENUE	\$14,567,261	\$13,465,101
COSTS OF REVENUE	10,962,781	10,023,299
GROSS PROFIT	3,604,480	3,441,802
OPERATING EXPENSES		
Salaries	1,678,834	1,387,923
Selling, general and administrative	1,436,241	736,866
Amortization of intangible assets	108,462	219,583
Total operating expenses	3,223,537	2,344,372
OPERATING INCOME	380,943	1,097,430
OTHER INCOME (EXPENSE)		
Interest expense	(1,680)	(11,923)
Change in fair value of warrants	434,521	-
Other, net	(4,010)	(1,650)
EARNINGS BEFORE INCOME TAX EXPENSE	809,774	1,083,857
INCOME TAX EXPENSE	150,101	434,323
NET EARNINGS	659,673	649,534
Dividend to preferred shareholders	96,410	21,600
NET EARNINGS APPLICABLE TO COMMON SHAREHOLDERS	\$ 563,263	\$ 627,934
NET EARNINGS PER COMMON SHARE:		
Basic	\$0.04	\$0.05
Diluted	0.01	0.04
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic	15,001,832	12,619,603
Diluted	19,666,941	16,614,522

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HEALTH FITNESS CORPORATION
CONSOLIDATED BALANCE SHEETS

	(Unaudited)	
	March 31, 2006	December 31, 2005
	<u>2006</u>	<u>2005</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 416,597	\$ 1,471,505
Trade and other accounts receivable, less allowances of \$205,300 and \$200,700	9,138,011	8,839,046
Prepaid expenses and other	557,211	509,273
Deferred tax assets	353,300	337,800
Total current assets	<u>10,465,119</u>	<u>11,157,624</u>
PROPERTY AND EQUIPMENT, net	394,955	347,820
OTHER ASSETS		
Goodwill	12,983,762	12,919,689
Software, less accumulated amortization of \$88,100 and \$0	1,735,815	1,762,000
Customer contracts, less accumulated amortization of \$1,686,300 and \$1,626,100	128,681	188,889
Trademark, less accumulated amortization of \$171,800 and \$147,000	321,244	346,057
Other intangible assets, less accumulated amortization of \$110,000 and \$88,000	419,052	441,086
Deferred tax assets	567,401	374,500
Other	41,269	47,105
	<u>\$ 27,057,298</u>	<u>\$ 27,584,770</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	\$ 739,339	\$ 687,125
Accrued salaries, wages, and payroll taxes	1,853,831	2,693,927
Other accrued liabilities	855,811	763,115
Accrued self funded insurance	357,918	250,000
Deferred revenue	1,732,764	1,868,446
Total current liabilities	<u>5,539,663</u>	<u>6,262,613</u>
LONG-TERM OBLIGATIONS	-	-
COMMITMENTS AND CONTINGENCIES	-	-
WARRANT OBLIGATION	1,776,367	2,210,889
PREFERRED STOCK, \$0.01 par value; 5,000,000 shares authorized, 0 and 1,000 issued and outstanding	-	8,623,546
STOCKHOLDERS' EQUITY		
Common stock, \$0.01 par value; 25,000,000 shares authorized; 18,930,368 and 13,787,349 shares issued and outstanding	189,304	137,874
Additional paid-in capital	24,266,420	15,625,425
Accumulated comprehensive income	(898)	1,245
Accumulated deficit	(4,713,558)	(5,276,822)
	<u>19,741,268</u>	<u>10,487,722</u>
	<u>\$ 27,057,298</u>	<u>\$ 27,584,770</u>