



FOR IMMEDIATE RELEASE

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HEALTH FITNESS CORPORATION ANNOUNCES INCREASE
IN FINANCIAL PERFORMANCE FOR FIRST QUARTER 2005

MINNEAPOLIS, May 9, 2005 — Health Fitness Corporation (OTC Bulletin Board: HFIT) today reported financial results for its first quarter ended March 31, 2005. Highlights for the first quarter of 2005 compared to the first quarter of 2004 were:

- Total revenue increased 6.3% to \$13.5 million from \$12.7 million;
- Operating income increased 58.0% to \$1.1 million from \$0.7 million;
- Net earnings applicable to common shareholders increased 86.5% to \$0.63 million from \$0.34 million;
and
- Diluted earnings per share increased 100% to \$0.04 per share from \$0.02 per share.

“We are beginning our fiscal year with good momentum,” said Jerry Noyce, President and Chief Executive Officer. “For the remainder of the year, our primary strategy is squarely focused on growing our customer base and improving revenue from existing sites in our two business areas: Fitness Management Services and Health Management Services. To accomplish this, we intend to begin investing additional resources to improve our sales and marketing capabilities. Since many companies are being challenged with the rising cost of employee healthcare, we believe this investment will help us reach a larger corporate market, as well as reach more employees of the companies we serve. We look forward to reinforcing our position as a leading provider of fitness and health management services to large employers.”

FIRST QUARTER PERFORMANCE

Revenue was \$13,465,101 for the first quarter, up \$798,727, or 6.3%, compared to \$12,666,374 for the first quarter last year. Gross profit was \$3,441,802 for the quarter, an increase of \$354,865, or 11.5%, compared to \$3,086,937 for the first quarter last year. Earnings before income taxes were \$1,083,857, up \$522,650, or 93.1%, compared to \$561,207 for the first quarter of last year. Net earnings applicable to common shareholders were \$627,934, an increase of \$291,227, or 86.5%, compared to \$336,707 for the same quarter last year.

Noyce also noted that the Company has made noticeable progress in a number of other areas during the first quarter:

- Revenue from staffing services provided at managed sites was \$12,604,167, up \$396,068, or 3.2%, compared to \$12,208,099 for the first quarter last year. This increase is due primarily to new management contracts.
- Revenue from the Company's Health Improvement Program Services increased 88.3% to \$840,445, from \$446,312 for the first quarter of 2004. This increase is due primarily to increased service penetration at managed sites.
- Gross profit as a percent of revenue increased to 25.6%, compared to 24.4% for the first quarter of 2004. This increase is due primarily to an increase of more profitable business, including new management contracts and Health Improvement Program Services, as well as a lower cost of medical benefits for full-time staff.
- Interest expense on long-term obligations decreased \$122,329 to \$11,923, compared to \$134,252 for the first quarter of 2004, due primarily to the repayment of the Company's \$2.0 million Senior Subordinated Note in December 2004.

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 United States 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 investment in additional sales and marketing resources will help the Company reach a larger number of companies and their employees, 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 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.

HEALTH FITNESS CORPORATION
CONSOLIDATED STATEMENT OF EARNINGS

	Three Months Ended March 31,	
	2005 (not audited)	2004
REVENUE	\$13,465,101	\$12,666,374
COST OF REVENUE	10,023,299	9,579,437
GROSS PROFIT	3,441,802	3,086,937
OPERATING EXPENSES		
Salaries	1,387,923	1,342,709
Other selling, general, administration	736,866	830,106
Amortization of acquired intangible assets	219,583	219,584
Total Operating Expenses	2,344,372	2,392,399
OPERATING INCOME	1,097,430	694,538
OTHER INCOME (EXPENSE)		
Interest Expense	(11,923)	(134,252)
Other, net	(1,650)	921
EARNINGS BEFORE INCOME TAX EXPENSE	1,083,857	561,207
Income Tax Expense	434,323	209,500
NET EARNINGS	649,534	351,707
Dividend to preferred shareholders	21,600	15,000
NET EARNINGS APPLICABLE TO COMMON SHAREHOLDERS	\$627,934	\$336,707
Basic	\$0.05	\$0.03
Diluted	\$0.04	\$0.02
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic	12,619,603	12,409,619
Diluted	16,614,522	16,038,913

See notes to consolidated financial statements.

	(not audited) March 31, 2005	December 31, 2004
ASSETS		
CURRENT ASSETS		
Cash	\$49,911	\$241,302
Trade and other accounts receivable, less allowance for doubtful accounts of \$212,000 and \$210,700	8,692,559	8,147,430
Prepaid expense and other	474,263	213,954
Deferred tax asset	1,212,500	1,660,100
Total current assets	<u>10,429,233</u>	<u>10,262,786</u>
PROPERTY AND EQUIPMENT, net	141,042	150,308
OTHER ASSETS		
Goodwill	9,022,501	9,022,501
Customer contracts, less accumulated amortized of \$1,077,800 and \$875,700	652,222	854,306
Trademark, less accumulated amortization of \$93,300 and \$75,800	256,667	274,167
Other intangible assets, less accumulated amortization of \$86,300 and \$81,300	11,777	61,493
Deferred tax assets	263,900	221,400
Other	76,661	87,015
	<u>\$20,854,003</u>	<u>\$20,933,976</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	484,691	840,155
Accrued salaries, wages and payroll taxes	2,564,924	2,768,734
Other accrued liabilities	413,031	495,770
Accrued self-funded insurance	218,065	225,500
Deferred revenue	1,906,602	1,977,093
Total current liabilities	<u>5,587,313</u>	<u>6,307,252</u>
LONG-TERM OBLIGATIONS	1,573,788	1,612,759
COMMITMENTS AND CONTINGENCIES	—	—
PREFERRED STOCK, \$0.01 par value; 5,000,000 shares authorized, 1,078,740 and 1,063,945 issued and outstanding	1,521,296	1,530,232
STOCKHOLDERS' EQUITY		
Common stock, \$0.01 par value; 25,000,000 shares authorized; 12,652,370 and 12,582,170 shares issued and outstanding	126,524	125,822
Additional paid-in capital	17,895,457	17,836,675
Accumulated comprehensive income	2,914	2,459
Accumulated deficit	(5,853,289)	(6,481,223)
	<u>12,171,606</u>	<u>11,483,733</u>
	<u>\$20,854,003</u>	<u>\$20,933,976</u>