

FOR IMMEDIATE RELEASE

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Health Fitness Announces Increase in Third Quarter 2004 Results

MINNEAPOLIS, November 1, 2004 --- Health Fitness Corporation (HFC) (OTC BB: HFIT) today announced financial results for the third quarter and nine months ended September 30, 2004.

For the quarter ended September 30, 2004, revenue increased 76.7% to \$13,154,340 from \$7,445,094 for the same quarter last year. Gross profit increased 128.3% to \$3,347,083 from \$1,465,768 for the same quarter last year. As a percent of revenue, gross profit increased to 25.4% compared to 19.7% for the third quarter last year. Net earnings applicable to common shareholders increased 429.9% to \$465,164 from \$87,786 for the same quarter last year. Net earnings per diluted share of \$0.03 increased 200% from \$0.01 per diluted share for the same quarter last year.

For the nine months ended September 30, 2004, revenue increased 71.6% to \$38,950,429 from \$22,695,925 for the same period last year. Gross profit increased 110.1% to \$9,876,378 from \$4,701,309 for the same period last year. As a percent of revenue, gross profit increased to 25.4% compared to 20.7% for the same period in 2003. Net earnings applicable to common shareholders increased 122.1% to \$1,272,625 from \$573,099 for the same period last year. Net earnings per diluted share of \$0.08 increased 60% from \$0.05 per diluted share for the same quarter last year.

Jerry Noyce, HFC CEO and President said the significant improvement in financial results compared to 2003 is primarily attributed to HFC's December 2003 acquisition of the Health & Fitness Services Business of Johnson & Johnson Health Care Systems Inc, growth from HFC's Health Enhancement Program services and new contract growth outpacing contract attrition.

“Our strong performance for the quarter and nine months is the result of hard work and dedication by our associates while we integrated and improved the operations of two companies,” Noyce said. “Now that the integration process is essentially complete, we are very optimistic about

our strategic direction in light of the scrutiny being placed on obesity, heart disease, diabetes and rising healthcare costs in the workplace. With a large customer base, an enhanced suite of health assessment, fitness, wellness and lifestyle management services, and a corporate market that is increasingly focused on the health of its employees, dependents and retirees, we are optimistic about the opportunity to continue growing our business.”

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

This press release contains forward-looking statements within the meaning of federal securities laws. These statements include statements regarding intent, belief, or current expectations of the Company and its management and specifically include the statement regarding the Company’s optimism regarding its strategic direction and excitement about growth opportunities. These forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties that may cause the Company’s actual results to differ materially from the results discussed in these statements. These statements should be read in conjunction with the various factors affecting the Company's operations and financial condition discussed in the section titled “Management's Discussion and Analysis of Financial Condition and Results of Operations” contained within the Company's Annual Report on Form 10-K for the year ended December 31, 2003, as well as the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004. There is no assurance that the Company will be able to capitalize on any of these forward-looking statements.

Financial tables follow ...

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HEALTH FITNESS CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2004	2003	2004	2003
REVENUE	\$13,154,340	\$7,445,094	\$38,950,429	\$22,695,925
COSTS OF REVENUE	<u>9,807,257</u>	<u>5,979,326</u>	<u>29,074,051</u>	<u>17,994,616</u>
GROSS PROFIT	3,347,083	1,465,768	9,876,378	4,701,309
OPERATING EXPENSES				
Salaries	1,408,482	834,781	4,180,760	2,407,539
Other selling, general and administrative	784,560	393,018	2,438,170	1,223,937
Amortization of acquired intangible assets	219,583	-	658,750	-
Total operating expenses	<u>2,412,625</u>	<u>1,227,799</u>	<u>7,277,680</u>	<u>3,631,476</u>
OPERATING INCOME	934,458	237,969	2,598,698	1,069,833
OTHER INCOME (EXPENSE)				
Interest expense	(118,102)	(59,031)	(380,698)	(82,987)
Other, net	908	(32,949)	2,298	(34,808)
EARNINGS BEFORE INCOME TAXES	<u>817,264</u>	<u>145,989</u>	<u>2,220,298</u>	<u>952,038</u>
INCOME TAX EXPENSE	<u>330,500</u>	<u>58,203</u>	<u>882,873</u>	<u>378,939</u>
NET EARNINGS	486,764	87,786	1,337,425	573,099
Dividend to preferred shareholders	<u>21,600</u>	<u>-</u>	<u>64,800</u>	<u>-</u>
NET EARNINGS APPLICABLE TO COMMON SHAREHOLDERS	<u>\$465,164</u>	<u>\$87,786</u>	<u>\$1,272,625</u>	<u>\$573,099</u>
NET EARNINGS PER SHARE:				
Basic	\$ 0.04	\$ 0.01	\$ 0.10	\$ 0.05
Diluted	0.03	0.01	0.08	0.05
WEIGHTED AVERAGE COMMON SHARES:				
Basic	12,550,679	12,341,284	12,482,060	12,324,292
Diluted	16,122,175	12,743,441	16,078,873	12,542,024

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HEALTH FITNESS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2004	December 31, 2003
ASSETS		
CURRENT ASSETS		
Cash	\$ 206,458	\$ 281,294
Trade and other accounts receivable, less allowances of \$154,400 and \$131,000	7,913,590	5,218,224
Prepaid expenses and other	244,179	187,347
Deferred taxes	1,294,300	850,300
Total current assets	9,658,527	6,537,165
PROPERTY AND EQUIPMENT, net	161,714	177,217
OTHER ASSETS		
Goodwill	9,022,501	8,725,574
Customer contracts, less accumulated amortization of \$673,600 and \$67,400	1,056,389	1,662,639
Trademark, less accumulated amortization of \$58,300 and \$5,800	291,666	344,166
Other intangible assets, less accumulated amortization of \$26,800 and \$4,200	115,990	138,582
Cash held in escrow	-	471,999
Deferred taxes	513,382	1,686,301
Other	41,275	64,458
	\$ 20,861,444	\$ 19,808,101
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	\$ 349,129	\$ 569,730
Accrued salaries, wages, and payroll taxes	2,635,743	1,607,157
Other accrued liabilities	510,655	450,255
Accrued self funded insurance	497,043	228,084
Deferred revenue	1,525,068	1,427,057
Total current liabilities	5,517,638	4,282,283
LONG-TERM OBLIGATIONS	2,666,353	4,350,012
COMMITMENTS AND CONTINGENCIES	-	-
CUMULATIVE CONVERTIBLE PREFERRED STOCK, 10,000,000 shares authorized, 1,048,874 and 1,003,833 issued and outstanding	1,508,632	1,443,833
STOCKHOLDERS' EQUITY		
Common stock, \$0.01 par value; 50,000,000 shares authorized; 12,560,976 and 12,357,334 shares issued and outstanding	125,609	123,573
Additional paid-in capital	17,836,886	17,671,536
Accumulated comprehensive income	2,544	5,707
Accumulated deficit	(6,796,218)	(8,068,843)
	11,168,821	9,731,973
	\$ 20,861,444	\$ 19,808,101

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