

FOR IMMEDIATE RELEASE

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Health Fitness Corporation Announces Significant Increase in Financial Performance for Fourth Quarter and Year-end 2004 Results

MINNEAPOLIS, MN, March 7, 2005 — Health Fitness Corporation (OTC Bulletin Board: HFIT) today announced financial results for the fourth quarter and year ended December 31, 2004. Highlights for the fiscal year were:

- Total revenue increased 66.6% over the prior year to \$52.5 million;
- Health improvement services revenue increased 171.3% to \$2.3 million; and
- Positive net earnings applicable to common shareholders of \$1.6 million compared to a net loss of \$27 thousand in 2003.

“2004 was an important year for the maturation of our company,” said Jerry Noyce, President and Chief Executive Officer. “During 2004, we completed the integration of our acquisition of the Health and Fitness Services Business of Johnson & Johnson Healthcare Systems Inc. Prior to the acquisition, we were noted for being the largest provider of corporate fitness management services, and Johnson & Johnson was noted as a leading provider of employee health and wellness management services. As a result of combining the best practices, programs and people of both companies, we are uniquely positioned to meet the growing demands of major corporations to provide solutions to address employee health issues and rising corporate healthcare costs.”

Noyce also noted that the Company made significant progress in a number of other areas during 2004, including:

- The number of sites managed by HFC grew to 403 at the end of 2004, up from 386 at the end of 2003.
- Working capital increased \$1,700,652 to \$3,955,534 for 2004, compared to \$2,254,882 for 2003.
- Long-term debt decreased \$2,737,253 to \$1,612,759 for 2004, from \$4,350,012 for 2003. In December 2004, the Company prepaid a 12%, \$2,000,000 Secured Senior Subordinated Note.

Fourth Quarter Performance

For the fourth quarter of 2004, revenue increased \$4,721,342, or 53.8% to 13,504,239, from \$8,782,897 for the same period in 2003. Of this increase, \$4,283,817 is primarily attributable to management services revenue acquired in connection with the Company's December 2003 acquisition of the Health and Fitness Services Business of Johnson & Johnson Healthcare Systems Inc, as well as growth in management services revenue from new 2004 contracts. The Company also saw revenue from its health improvement program services grow \$437,525 to \$725,444 for the fourth quarter of 2004, from \$287,919 for the same period in 2003.

For the fourth quarter of 2004, the Company reported net earnings applicable to common shareholders of \$314,995, compared to a net loss applicable to common shareholders of \$600,353 for the same period in 2003. This positive change of \$915,348 is primarily attributable to a \$643,635 increase in operating income, a \$104,541 decrease in income tax expense and the difference in one-time charges between 2004 and 2003. With respect to one-time charges, the Company incurred non-cash dividend expense of \$659,930 in the fourth quarter of 2003 on preferred stock the Company issued to finance its Johnson & Johnson acquisition. In December 2004, the Company incurred a one-time charge to interest expense of \$474,669, of which \$394,669 was non-cash, related to the prepayment of a \$2,000,000 Secured Senior Subordinated Note.

Net earnings per diluted share were \$0.02 for the fourth quarter of 2004, compared with a net loss per diluted share of \$0.05 for the same period in 2003.

Year-end Performance

For 2004, revenue increased \$20,975,846, or 66.6% to \$52,454,668, from \$31,478,822 for 2003. Of this increase, \$19,494,200 is primarily attributable to acquired management services revenue, growth in management services revenue from new 2004 contracts and higher consulting revenue. The remaining increase in revenue is attributable to the Company's health improvement program services, which grew \$1,481,646 to \$2,346,726 in 2004, from \$865,080 in 2003.

For 2004, the Company also reported net earnings applicable to common shareholders of \$1,587,620, compared to a net loss applicable to common shareholders of \$27,254 for 2003. This positive change of \$1,614,874 is primarily attributable to a \$2,172,500 increase in operating income between 2004 and 2003. However, the full effect of this increase in operating income was not fully realized due primarily to higher interest and income tax expenses, and the difference in one-time charges between 2004 and 2003.

Net earnings per diluted share were \$0.10 for 2004, compared with a net loss per diluted share of \$0.00 for 2003.

About The Company

Health Fitness Corporation is the 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 that are not historical facts, including, without limitation, those relating to management's belief that the Company is uniquely positioned to meet the growing demands of major corporations to provide solutions to address employee health issues and rising corporate healthcare costs, are forward-looking statements that involve risks and uncertainties. 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. Investors should take such risks into account when making investment decisions. Shareholders and other readers 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.

Final Tables Follow

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HEALTH FITNESS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ending		Years Ending	
	12/31/04	12/31/03	12/31/04	12/31/03
	<i>Unaudited</i>	<i>Unaudited</i>		
REVENUE	\$ 13,504,239	\$ 8,782,897	\$ 52,454,668	\$ 31,478,822
COSTS OF REVENUE	9,921,400	6,949,009	38,995,451	24,943,625
GROSS PROFIT	3,582,839	1,833,888	13,459,217	6,535,197
OPERATING EXPENSES				
Salaries	1,419,443	837,100	5,600,203	3,244,639
Selling, general, and administrative	1,001,964	625,380	3,440,134	1,849,317
Amortization of acquired intangible assets	219,583	73,194	878,333	73,194
Total operating expenses	2,640,990	1,535,674	9,918,670	5,167,150
OPERATING INCOME	941,849	298,214	3,540,547	1,368,047
OTHER INCOME (EXPENSE)				
Interest expense	(84,873)	(121,443)	(465,571)	(204,430)
Interest cost - early debt repayment costs	(474,669)	--	(474,669)	--
Other, net	(656)	32,403	1,642	(2,405)
EARNINGS BEFORE INCOME TAXES	381,651	209,174	2,601,949	1,161,212
INCOME TAX EXPENSE	45,056	149,597	927,929	528,536
NET EARNINGS	336,595	59,577	1,674,020	632,676
Deemed dividend to preferred shareholders	--	656,096	--	656,096
Dividend to preferred shareholders	21,600	3,834	86,400	3,834
NET EARNINGS (LOSS) APPLICABLE TO COMMON SHAREHOLDERS	\$ 314,995	\$ (600,353)	\$ 1,587,620	\$ (27,254)
NET EARNINGS PER COMMON SHARE				
Basic	\$ 0.03	\$ (0.05)	\$ 0.13	\$ 0.00
Diluted	0.02	(0.05)	0.10	0.00
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	12,566,735	12,356,315	12,503,345	12,332,363
Diluted	16,349,043	12,356,315	16,151,017	12,332,363

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HEALTH FITNESS CORPORATION
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2004	2003
ASSETS		
CURRENT ASSETS		
Cash	\$ 241,302	\$ 281,294
Trade and other accounts receivable, less allowances of \$211,000 and \$131,000 at December 31, 2004 and 2003	8,147,430	5,218,224
Prepaid expenses and other	213,954	187,347
Deferred tax assets	1,660,100	850,300
Total current assets	<u>10,262,786</u>	<u>6,537,165</u>
PROPERTY AND EQUIPMENT, net	150,308	177,217
OTHER ASSETS		
Goodwill	9,022,501	8,725,574
Customer contracts, less accumulated amortization of \$875,700 and \$67,400 at December 31, 2004 and 2003	854,306	1,662,639
Trademark, less accumulated amortization of \$75,800 and \$5,800 at December 31, 2004 and 2003	274,167	344,166
Other intangible assets, less accumulated amortization of \$81,300 and \$4,200 at December 31, 2004 and 2003	61,493	138,582
Cash held in escrow	--	471,999
Deferred tax assets	221,400	1,686,301
Other	87,015	64,458
	<u>\$ 20,933,976</u>	<u>\$ 19,808,101</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	840,155	569,730
Accrued salaries, wages, and payroll taxes	2,768,734	1,607,157
Other accrued liabilities	495,770	450,255
Accrued self funded insurance	225,500	228,084
Deferred revenue	1,977,093	1,427,057
Total current liabilities	<u>6,307,252</u>	<u>4,282,283</u>
LONG-TERM OBLIGATIONS	1,612,759	4,350,012
COMMITMENTS AND CONTINGENCIES	--	--
PREFERRED STOCK, \$0.01 par value; 10,000,000 shares authorized, 1,063,945 and 1,003,833 shares issued and outstanding at December 31, 2004 and 2003	1,530,232	1,443,833
STOCKHOLDERS' EQUITY		
Common stock, \$0.01 par value; 50,000,000 shares authorized; 12,582,170 and 12,357,334 shares issued and outstanding at December 31, 2004 and 2003	125,822	123,573
Additional paid-in capital	17,836,675	17,671,536
Accumulated comprehensive income from foreign currency translation	2,459	5,707
Accumulated deficit	(6,481,223)	(8,068,843)
	<u>11,483,733</u>	<u>9,731,973</u>
	<u>\$ 20,933,976</u>	<u>\$ 19,808,101</u>

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