LIFE TIME FITNESS INC
Form 10-Q
August 01, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2007

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File No. 001-32230

Life Time Fitness, Inc.
(Exact name of Registrant as specified in its charter)

Minnesota	**41-1689746**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6442 City West Parkway **Eden Prairie, Minnesota** (Address of principal executive offices)	**55344** (Zip Code)

Registrant s telephone number, including area code: **952-947-0000**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer þ Accelerated Filer o Non-accelerated filer o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

The number of shares outstanding of the Registrant s common stock as of July 23, 2007 was 37,328,307 common shares.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

LIFE TIME FITNESS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)
(Unaudited)

	June 30, 2007	December 31, 2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 8,263	$ 6,880
Accounts receivable, net	3,283	2,320
Inventories	12,649	8,773
Prepaid expenses and other current assets	12,251	9,201
Deferred membership origination costs	14,746	12,575
Income tax receivable		97
Total current assets	51,192	39,846
PROPERTY AND EQUIPMENT, net	1,076,132	902,122
RESTRICTED CASH	5,749	4,738
DEFERRED MEMBERSHIP ORIGINATION COSTS	13,496	10,875
OTHER ASSETS	43,427	30,095
TOTAL ASSETS	$ 1,189,996	$ 987,676
LIABILITIES AND SHAREHOLDERS EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 10,265	$ 15,228
Accounts payable	14,143	8,878
Construction accounts payable	52,171	49,285
Accrued expenses	46,348	37,191
Deferred revenue	36,319	29,773
Total current liabilities	159,246	140,355
LONG-TERM DEBT, net of current portion	518,108	374,327
DEFERRED RENT LIABILITY	25,606	25,716
DEFERRED INCOME TAXES	32,213	38,584
DEFERRED REVENUE	17,836	15,917
OTHER LIABILITIES	536	264
Total liabilities	753,545	595,163
COMMITMENTS AND CONTINGENCIES (Note 7)		
SHAREHOLDERS EQUITY:		
Undesignated preferred stock, 10,000,000 shares authorized; none issued or outstanding		
	747	737

Common stock, $.02 par value, 50,000,000 shares authorized; 37,300,484 and 36,817,199 shares issued and outstanding, respectively		
Additional paid-in capital	273,214	259,905
Retained earnings	162,490	131,871
Total shareholders equity	436,451	392,513
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 1,189,996	$ 987,676

See notes to unaudited consolidated financial statements.

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LIFE TIME FITNESS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2007	2006	2007	2006
REVENUE:				
Membership dues	$ 106,667	$ 80,550	$ 207,195	$ 156,349
Enrollment fees	6,378	5,561	12,064	10,644
In-center revenue	45,891	33,787	89,788	66,121
Total center revenue	158,936	119,898	309,047	233,114
Other revenue	3,201	2,557	6,191	4,766
Total revenue	162,137	122,455	315,238	237,880
OPERATING EXPENSES:				
Center operations	94,035	68,540	183,527	133,633
Advertising and marketing	5,439	4,732	12,808	10,571
General and administrative	10,693	10,861	21,181	19,676
Other operating	3,792	2,646	7,116	5,633
Depreciation and amortization	14,678	12,146	28,365	23,665
Total operating expenses	128,637	98,925	252,997	193,178
Income from operations	33,500	23,530	62,241	44,702
OTHER INCOME (EXPENSE):				
Interest expense, net of interest income of $111, $80, $155 and $149, respectively	(6,369)	(4,140)	(11,897)	(8,257)
Equity in earnings of affiliate	285	251	601	494
Total other income (expense)	(6,084)	(3,889)	(11,296)	(7,763)
INCOME BEFORE INCOME TAXES	27,416	19,641	50,945	36,939
PROVISION FOR INCOME TAXES	10,931	7,256	20,326	14,121
NET INCOME	$ 16,485	$ 12,385	$ 30,619	$ 22,818
BASIC EARNINGS PER COMMON SHARE	$ 0.45	$ 0.34	$ 0.83	$ 0.64
DILUTED EARNINGS PER COMMON SHARE	$ 0.44	$ 0.33	$ 0.82	$ 0.62
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC	36,864	36,143	36,747	35,915
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - DILUTED	37,498	37,033	37,359	36,888

See notes to unaudited consolidated financial statements.

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LIFE TIME FITNESS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	For the Six Months Ended June 30,	
	2007	**2006**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 30,619	$ 22,818
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	28,365	23,665
Deferred income taxes	2,474	515
Loss on disposal of property and equipment, net	164	120
Amortization of deferred financing costs	405	331
Share-based compensation	3,816	4,926
Excess tax benefit from stock option exercises	(3,838)	(5,228)
Change in investment in unconsolidated subsidiary	(601)	(498)
Changes in operating assets and liabilities	4,692	13,706
Other	81	128
Net cash provided by operating activities	66,177	60,483
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(200,446)	(110,432)
Proceeds from sale of property and equipment	48	6,566
Proceeds from property insurance settlement	48	
Increase in other assets	(9,555)	(345)
Decrease (increase) in restricted cash	(1,011)	96
Net cash used in investing activities	(210,916)	(104,115)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term borrowings	105,000	1,650
Repayments on long-term borrowings	(6,147)	(12,654)
Proceeds from revolving credit facility, net	40,000	36,800
Increase in deferred financing costs	(1,896)	(651)
Excess tax benefit from stock option exercises	3,838	5,228
Proceeds from exercise of stock options	5,327	8,579
Net cash provided by financing activities	146,122	38,952
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,383	(4,680)
CASH AND CASH EQUIVALENTS Beginning of period	6,880	4,680
CASH AND CASH EQUIVALENTS End of period	$ 8,263	$

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash payments for interest, including capitalized interest of $3,773 and $1,962, respectively	$ 15,114	$ 7,766
Cash payments for income taxes	$ 16,924	$ 7,079
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Purchases of property and equipment in accounts payable	$ 3,671	$ 2,054

See notes to unaudited consolidated financial statements.

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LIFE TIME FITNESS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary to fairly present financial position, results of operations and cash flows for the periods have been included.

These interim consolidated financial statements and the related notes should be read in conjunction with the annual consolidated financial statements and notes included in the latest Form 10-K, as filed with the Securities and Exchange Commission (SEC), which includes audited consolidated financial statements for the three fiscal years ended December 31, 2006.

2. Share-Based Compensation

We have four share-based compensation plans, the FCA, Ltd. 1996 Stock Option Plan (the 1996 Plan), the Life Time Fitness, Inc. 1998 Stock Option Plan (the 1998 Plan), the Life Time Fitness, Inc. 2004 Long-Term Incentive Plan (the 2004 Plan) and an Employee Stock Purchase Plan (the ESPP), collectively, the share-based compensation plans. In connection with approval for the 2004 Plan, our Board of Directors approved a resolution to cease making additional grants under the 1996 Plan and the 1998 Plan. The types of awards that may be granted under the 2004 Plan include incentive and non-qualified options to purchase shares of common stock, stock appreciation rights, restricted shares, restricted share units, performance awards and other types of share-based awards. As of June 30, 2007, we had granted a total of 5,587,165 options to purchase common stock under all of the share-based compensation plans, of which options to purchase 1,381,025 shares were outstanding, and a total of 389,311 restricted shares, of which 317,648 restricted shares were unvested. We use the term restricted shares to define nonvested shares granted to employees, whereas Statement of Financial Accounting Standards No. 123, Share-Based Payment (SFAS 123(R)) reserves that term for fully vested and outstanding shares whose sale is contractually or governmentally prohibited for a specified period of time.

The total number of options to purchase common stock include shares that vest on continued service (time-based) or upon achievement of certain market condition criteria (market-based). Most of the time-based options vest over a period of four or five years. The market-based options were granted to certain members of management at or around the time of our initial public offering. Upon meeting specific market performance criteria governing these stock options, sixty percent of these shares had vested as of December 31, 2005. The remaining forty percent of the shares, upon meeting additional specific market performance criteria, vested during the second quarter of 2006.

Total share-based compensation expense included in our consolidated statements of operations for the three and six months ended June 30, 2007 and 2006, was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Share-based compensation expense related to stock options	$ 771	$ 3,329	$ 1,701	$ 4,224
Share-based compensation expense related to restricted shares	1,195	386	2,054	702
Share-based compensation expense related to ESPP	32		61	
Total share-based compensation expense	$ 1,998	$ 3,715	$ 3,816	$ 4,926

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The following table summarizes the stock option transactions for the six months ended June 30, 2007:

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding on December 31, 2006	1,724,599	$ 20.15		
Granted	2,477	50.85		
Exercised	(339,151)	15.71		
Canceled	(6,900)	24.46		
Outstanding at June 30, 2007	1,381,025	$ 21.28	7.0	$ 44,125
Vested or Expected to Vest at June 30, 2007	1,321,904	$ 21.13	7.0	$ 42,434
Exercisable at June 30, 2007	731,346	$ 18.30	6.6	$ 25,544

The weighted average grant date fair value of stock options granted during the six months ended June 30, 2007 and 2006, was $20.35 and $18.33, respectively. The aggregate intrinsic value of options (the amount by which the market price of the stock on the date of exercise exceeded the exercise price of the option) exercised during the six months ended June 30, 2007 and 2006 was $12.1 million and $19.8 million, respectively. As of June 30, 2007, there was $6.2 million of unrecognized compensation expense related to stock options that is expected to be recognized over a weighted average period of 1.7 years.

The fair value of each stock option was estimated on the date of the grant using the Black-Scholes option pricing model. No options were granted in the three months ended June 30, 2007.

	Three Months Ended June 30,		Six Months Ended June 30,	
Weighted Average Valuation Assumptions[1]	**2007**	**2006**	**2007**	**2006**
Risk-free interest rate [2]		5.0%	4.7%	5.0%
Expected dividend yield				
Expected stock price volatility [3]		36.0%	36.9%	36.0%
Expected life of stock options (in years) [3]		5.0	5.0	5.0

(1) Forfeitures are estimated based on historical experience and projected employee turnover.

(2) Based on the five-year Treasury constant maturity interest rate with the term that is consistent with the expected life of our stock options.

(3) We estimate the expected life and volatility of stock options based on an average of the expected lives and volatilities assumptions reported by a peer group of publicly traded companies.

Net cash proceeds from the exercise of stock options were $5.3 million and $8.6 million for the six months ended June 30, 2007, and 2006, respectively. The actual income tax benefit realized from stock option exercises total $3.8 million and $5.2 million, respectively, for those same periods.

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A summary of restricted stock activity follows:

	Restricted Shares Outstanding	Range of Market Price Per Share on Grant Date
Balance December 31, 2006	210,894	$24.75-50.82
Granted	145,876	49.06-53.70
Canceled	(1,740)	46.51
Vested	(37,382)	26.23-47.40
Balance June 30, 2007	317,648	$24.75-53.70

During the six months ended June 30, 2007 and 2006, we issued 145,876 and 31,506 shares of restricted stock, respectively, with an aggregate fair value of $7.2 million and $1.5 million, respectively. The fair market value of restricted shares that vested during the six months ended June 30, 2007 was $1.3 million. The total value of each restricted stock grant, based on the fair market value of the stock on the date of grant, is amortized to compensation expense on a straight-line basis over the related vesting period.

Our ESPP provides for the sale of our common stock to our employees at discounted purchase prices. The cost per share under this plan is 90% of the fair market value of our common stock on the last day of the purchase period, as defined. The current purchase period under the ESPP began July 1, 2007 and ends December 31, 2007. Compensation expense under the ESPP is based on the discount of 10% at the end of the purchase period.

In June 2006, our Board of Directors authorized the repurchase of 500,000 shares of our common stock from time to time in the open market or otherwise for the primary purpose of offsetting the dilutive effect of shares pursuant to our Employee Stock Purchase Plan. During the first six months of 2007, we repurchased 2,235 shares for approximately $109. As of June 30, 2007, there were 489,265 remaining shares authorized to be repurchased for this purpose. The shares repurchased to date have been purchased in the open market and, upon repurchase, became authorized but unissued shares of our common stock.

3. Earnings per Share

Basic earnings per common share (EPS) is computed by dividing net income by the weighted average number of shares of common stock outstanding during each period. Diluted EPS is computed similarly to basic EPS, except that the denominator is increased for any dilutive common stock equivalents, such as the assumed exercise of dilutive stock options using the treasury stock method and unvested restricted stock awards using the treasury stock method. A reconciliation of these amounts is as follows (share amounts and net income in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Net income	$ 16,485	$ 12,385	$ 30,619	$ 22,818
Weighted average number of common shares outstanding basic	36,864	36,143	36,747	35,915
Effect of dilutive stock options and restricted stock awards	634	890	612	973
Weighted average number of common shares outstanding diluted	37,498	37,033	37,359	36,888
Basic earnings per common share	$ 0.45	$ 0.34	$ 0.83	$ 0.64

Diluted earnings per common share	$ 0.44	$ 0.33	$ 0.82	$ 0.62

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4. Operating Segments

Our operations are conducted mainly through our sports and athletic, professional fitness, family recreation and resort/spa centers. We have aggregated the activities of our centers into one reportable segment as none of the centers meet the quantitative thresholds for separate disclosure under SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, and each of the centers has similar expected economic characteristics, service and product offerings and customers. Our chief operating decision makers use EBITDA as the primary measure of segment performance. For purposes of segment financial reporting and discussion of results of operations, Centers represent the revenue and associated costs (including general and administrative expenses) from membership dues and enrollment fees, all in-center activities including personal training, spa, cafe and other activities offered to members and non-member participants and rental income generated at the centers. Included in the All Other category in the table below is operating information related to nutritional products, media, athletic events, and two restaurants, and expenses, including interest expense, and corporate assets (including depreciation and amortization) not directly attributable to centers. The accounting policies of the Centers and operations classified as All Other are the same as those described in the summary of significant accounting policies in the annual consolidated financial statements and notes included in the latest Form 10-K, as filed with the SEC.

Financial data and reconciling information for our reporting segment to the consolidated amounts in the financial statements are as follows (in thousands):

	Centers	All Other	Consolidated
Three months ended June 30, 2007:			
Revenue	$ 158,936	$ 3,201	$ 162,137
Net income (loss)	$ 18,404	$ (1,919)	$ 16,485
Provision (benefit) for income taxes	12,210	(1,279)	10,931
Interest expense, net	4,600	1,769	6,369
Depreciation and amortization	13,108	1,570	14,678
EBITDA	$ 48,322	$ 141	$ 48,463
Total assets	$ 1,057,223	$ 132,773	$ 1,189,996
Three months ended June 30, 2006:			
Revenue	$ 119,898	$ 2,557	$ 122,455
Net income (loss)	$ 13,872	$ (1,487)	$ 12,385
Provision (benefit) for income taxes	8,247	(991)	7,256
Interest expense, net	3,156	984	4,140
Depreciation and amortization	10,643	1,503	12,146
EBITDA	$ 35,918	$ 9	$ 35,927
Total assets	$ 713,170	$ 91,343	$ 804,513
Six months ended June 30, 2007:			
Revenue	$ 309,047	$ 6,191	$ 315,238
Net income (loss)	$ 34,180	$ (3,561)	$ 30,619

Provision (benefit) for income taxes	22,700	(2,374)	20,326
Interest expense, net	8,792	3,105	11,897
Depreciation and amortization	25,120	3,245	28,365
EBITDA	$ 90,792	$ 415	$ 91,207
Total assets	$ 1,057,223	$ 132,773	$ 1,189,996
Six months ended June 30, 2006:			
Revenue	$ 233,114	$ 4,766	$ 237,880
Net income (loss)	$ 25,669	$ (2,851)	$ 22,818
Provision (benefit) for income taxes	16,022	(1,901)	14,121
Interest expense, net	6,533	1,724	8,257
Depreciation and amortization	20,663	3,002	23,665
EBITDA	$ 68,887	$ (26)	$ 68,861
Total assets	$ 713,170	$ 91,343	$ 804,513

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5. Income Taxes

We adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48), on January 1, 2007. No cumulative effect upon adoption of FIN 48 was recorded; however, certain amounts have been reclassified in the consolidated balance sheet in order to comply with the requirements of the statement.

At January 1, 2007, we provided a liability for $9.4 million for unrecognized tax benefits related to various federal and state income tax matters. Of this amount, $1.1 million would affect our effective tax rate if recognized. The remaining $8.3 million consists of items that are offset by deferred tax assets, and the federal tax benefit of state income tax items.

As of June 30, 2007, we provided a liability for $10.4 million for unrecognized tax benefits related to various federal and state income tax matters. Of this amount, $1.2 million would affect our effective tax rate if recognized. The remaining $9.2 million consists of items that are offset by deferred tax assets, and the federal tax benefit of state income tax items.

Interest and penalties related to unrecognized tax benefits are recognized as a component of the provision for income taxes. At January 1, 2007, we recorded a liability of $0.5 million, net of taxes of $0.3 million for interest and penalties. The liability for the payment of interest and penalties did not materially change during the six months ended June 30, 2007.

We file tax returns in the U.S. federal jurisdiction and various state jurisdictions. The tax years 2003 through 2006 remain open to examination. Approximately $1.2 million of unrecognized tax benefits relate to items that are affected by expiring statutes of limitation within the next 12 months, of which $0.1 million may impact our effective tax rate.

6. Supplementary Cash Flow Information

Decreases (increases) in operating assets and increases (decreases) in operating liabilities are as follows:

	For the Six Months Ended June 30,	
	2007	**2006**
Accounts receivable	$ (963)	$ 1,966
Income taxes receivable	3,935	6,531
Inventories	(3,876)	(723)
Prepaids and other current assets	(3,050)	(2,714)
Deferred membership origination costs	(4,792)	(2,440)
Accounts payable	4,499	(262)
Accrued expenses	312	3,987
Deferred revenue	8,465	7,079
Deferred rent	(110)	282
Other liabilities	272	
	$ 4,692	$ 13,706

7. Commitments and Contingencies

Litigation We are engaged in legal proceedings incidental to the normal course of business. Due to their nature, such legal proceedings involve inherent uncertainties, including but not limited to, court rulings, negotiations between affected parties and governmental intervention. We have established reserves for matters that are probable and estimable in amounts we believe are adequate to cover reasonable adverse judgments not covered by insurance. Based upon the information available to us and discussions with legal counsel, it is our opinion that the outcome of the various legal actions and claims that are incidental to our business will not have a material adverse impact on the consolidated financial position, results of operations or cash flows; however, such matters are subject to many uncertainties, and the outcome of individual matters are not predictable with assurance.

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Item 2.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

The following discussion may contain forward-looking statements regarding us and our business, prospects and results of operations that are subject to certain risks and uncertainties posed by many factors and events that could cause our actual business, prospects and results of operations to differ materially from those that may be anticipated by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those described under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2006. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We undertake no obligation to revise any forward-looking statements in order to reflect events or circumstances that may subsequently arise. Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the SEC that advise interested parties of the risks and factors that may affect our business.

The interim financial statements filed on this Form 10-Q and the discussions contained herein should be read in conjunction with the annual consolidated financial statements and notes included in the latest Form 10-K, as filed with the SEC, which includes audited consolidated financial statements for the three fiscal years ended December 31, 2006.

Overview

We operate distinctive and large sports and athletic, professional fitness, family recreation and resort/spa centers. As of July 15, 2007, we operated 65 centers primarily in residential locations across 15 states under the LIFE TIME FITNESS brand. We commenced operations in 1992 by opening centers in the Minneapolis and St. Paul, Minnesota area. During this period of initial growth, we refined the format and model of our center while building our membership base, infrastructure and management team. As a result, several of the centers that opened during our early years have designs that differ from our current model center.

We compare the results of our centers based on how long the centers have been open at the most recent measurement period. We include a center for comparable center revenue purposes beginning on the first day of the thirteenth full calendar month of the center s operation, prior to which time we refer to the center as a new center. As we grow our presence in existing markets by opening new centers, we expect to attract some memberships away from our other existing centers already in those markets, reducing revenue and initially lowering the memberships of those existing centers. In addition, as a result of new center openings in existing markets, and because older centers will represent an increasing proportion of our center base over time, our comparable center revenue may be lower in future periods than in the past. Of the eight new centers we plan to open in 2007, we expect that four will be in existing markets. We do not expect that operating costs of our planned new centers will be significantly higher than centers opened in the past, and we also do not expect that the planned increase in the number of centers will have a material adverse effect on the overall financial condition or results of operations of existing centers. Another result of opening new centers, as well as the assumption of operations of seven leased facilities in 2006, is that our center operating margins may be lower than they have been historically while the centers build membership base. We expect both the addition of pre-opening expenses and the lower revenue volumes characteristic of newly-opened centers, as well as the facility costs for the seven leased centers, to affect our center operating margins at these new centers and on a consolidated basis. Our operating results generally do not include the center owned by Bloomingdale LIFE TIME Fitness, L.L.C. because it is accounted for as an investment in an unconsolidated affiliate and is not consolidated in our financial statements.

We measure performance using such key operating statistics as average revenue per membership, including membership dues and enrollment fees, average in-center revenue per membership and center operating expenses, with an emphasis on payroll and occupancy costs, as a percentage of sales and comparable center revenue growth. We use center revenue and EBITDA margins to evaluate overall performance and profitability on an individual center basis. In addition, we focus on several membership statistics on a center-level and system-wide basis. These metrics include growth of center membership levels and growth of system-wide memberships, percentage center membership to target capacity, center membership usage, center membership mix among individual, couple and family memberships and center attrition rates.

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We have three primary sources of revenue. First, our largest source of revenue is membership dues and enrollment fees paid by our members. We recognize revenue from monthly membership dues in the month to which they pertain. We recognize revenue from enrollment fees over the expected average life of the membership, which we estimate to be 36 months. Second, we generate revenue, which we refer to as in-center revenue, at our centers from fees for personal training, dieticians, group fitness training and other member activities, sales of products at our LifeCafe, sales of products and services offered at our LifeSpa and renting space in certain of our centers. And third, we have expanded the LIFE TIME FITNESS brand into other wellness-related offerings that generate revenue, which we refer to as other revenue, including our media, corporate wellness and athletic events businesses. Our primary media offering is our magazine, *Experience Life*. Other revenue also includes our two restaurants and rental income on our Highland Park, Minnesota office building.

Center operations expenses consist primarily of salary, commissions, payroll taxes, benefits, real estate taxes and other occupancy costs, utilities, repairs and maintenance, supplies, administrative support and communications to operate our centers. Advertising and marketing expenses consist of our marketing department costs and media and advertising costs to support center membership growth and our media, athletic event and nutritional product businesses. General and administrative expenses include costs relating to our centralized support functions, such as accounting, information systems, procurement, real estate and development and member relations. Our other operating expenses include the costs associated with our media, corporate wellness and athletic events businesses, our two restaurants and other corporate expenses, as well as gains or losses on our dispositions of assets. Our total operating expenses may vary from period to period depending on the number of new centers opened during that period and the number of centers engaged in presale activities.

Our primary capital expenditures relate to the construction of new centers and updating and maintaining our existing centers. The land acquisition, construction and equipment costs for a current model center, since 2000, has ranged from approximately $18 to $36 million, and can vary considerably based on variability in land cost and the cost of construction labor, as well as whether or not a tennis area is included or whether or not we expand the gymnasium. The average cost for the current model centers opened in 2006 increased to $29.5 million as a result of higher land costs and higher construction costs in states where we are opening centers. We expect the average cost of new centers constructed in 2007 to be approximately $30 million. We perform maintenance and make improvements on our centers and equipment throughout each year. We conduct a more thorough remodeling project at each center approximately every four to six years.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S., or GAAP, requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In recording transactions and balances resulting from business operations, we use estimates based on the best information available. We use estimates for such items as depreciable lives, volatility factors, expected lives and rate of return in determining fair value of option grants, tax provisions and provisions for uncollectible receivables. We also use estimates for calculating the amortization period for deferred enrollment fee revenue and associated direct costs, which are based on the weighted average expected life of center memberships. We revise the recorded estimates when better information is available, facts change or we can determine actual amounts. These revisions can affect operating results.

Our critical accounting policies and use of estimates are discussed in and should be read in conjunction with the annual consolidated financial statements and notes included in the latest Form 10-K, as filed with the SEC, which includes audited consolidated financial statements for the three fiscal years ended December 31, 2006.

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Results of Operations

The following table sets forth our statement of operations data as a percentage of total revenues and also sets forth other financial and operating data:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2007	2006	2007	2006
Revenue				
Center revenue:				
Membership dues	65.8%	65.8%	65.7%	65.7%
Enrollment fees	3.9	4.5	3.8	4.5
In-center revenue	28.3	27.6	28.5	27.8
Total center revenue	98.0	97.9	98.0	98.0
Other revenue	2.0	2.1	2.0	2.0
Total revenue	100.0	100.0	100.0	100.0
Operating expenses				
Center operations	58.0	56.0	58.2	56.2
Advertising and marketing	3.4	3.8	4.1	4.4
General and administrative	6.6	8.9	6.7	8.3
Other operating	2.3	2.2	2.3	2.4
Depreciation and amortization	9.0	9.9	9.0	9.9
Total operating expenses	79.3	80.8	80.3	81.2
Income from operations	20.7	19.2	19.7	18.8
Other income (expense)				
Interest expense, net	(4.0)	(3.4)	(3.8)	(3.5)
Equity in earnings of affiliate	0.2	0.2	0.2	0.2
Total other income (expense)	(3.8)	(3.2)	(3.6)	(3.3)
Income before income taxes	16.9	16.0	16.1	15.5
Provision for income taxes	6.7	5.9	6.4	5.9
Net income	10.2%	10.1%	9.7%	9.6%

Other financial and operating data:				
Average center revenue per membership	$ 338	$ 318	$ 672	$ 632
Average in-center revenue per membership	$ 98	$ 90	$ 195	$ 179
Centers open at end of period	64	49	64	49
Number of memberships at end of period	489,489	393,011	489,489	393,011

Three Months Ended June 30, 2007, Compared to Three Months Ended June 30, 2006

Total revenue. Total revenue increased $39.6 million, or 32.4%, to $162.1 million for the three months ended June 30, 2007, from $122.5 million for the three months ended June 30, 2006.

Total center revenue grew $39.0 million, or 32.6%, to $158.9 million for the three months ended June 30, 2007, from $119.9 million for the three months ended June 30, 2006. Comparable center revenue increased 6.6% for the three months ended June 30, 2007 compared to the three months ended June 30, 2006. Of the $39.0 million increase in total

center revenue,

67.1% was from membership dues, which increased $26.1 million, due to increased memberships at new and existing centers, junior membership programs and increased sales of Sports, Advantage and other value-added memberships.

28.9% was from in-center revenue, which increased $12.1 million primarily as a result of our members increased use of our personal training, member activities, LifeCafe and LifeSpa products and services. As a result of this in-center revenue growth and our focus on broadening our offerings to our members, average in-center revenue per membership increased to $98 for the three months ended June 30, 2007, from $90 for the three months ended June 30, 2006.

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4.0% was from enrollment fees, which are deferred until a center opens and recognized on a straight-line basis over 36 months. Enrollment fees increased $0.8 million for the three months ended June 30, 2007 to $6.4 million. Our number of memberships increased 24.5% to 489,489 at June 30, 2007, from 393,011 at June 30, 2006.

Other revenue increased $0.6 million, or 25.2%, to $3.2 million for the three months ended June 30, 2007, which was primarily due to increased advertising revenue from our media business.

Center operations expenses. Center operations expenses totaled $94.0 million, or 59.2% of total center revenue (or 58.0% of total revenue), for the three months ended June 30, 2007 compared to $68.5 million, or 57.2% of total center revenue (or 56.0% of total revenue), for the three months ended June 30, 2006. This $25.5 million increase primarily consisted of $13.6 million in additional payroll-related costs to support increased memberships at new centers and an increase of $6.6 million in facility-related costs, including incremental lease expense for the seven leased centers for which we assumed operations in late July 2006, utilities and real estate taxes, and an increase in expenses to support in-center products and services. As a percent of total center revenue, center operations expense increased primarily due to the lower center operating margins associated with new centers including the leased centers.

Advertising and marketing expenses. Advertising and marketing expenses were $5.4 million, or 3.4% of total revenue, for the three months ended June 30, 2007, compared to $4.7 million, or 3.8% of total revenue, for the three months ended June 30, 2006. These expenses increased primarily due to advertising for our new centers and those centers engaging in presale activities. As a percent of total revenue, advertising and marketing expenses decreased primarily due to fewer and more efficient marketing campaigns.

General and administrative expenses. General and administrative expenses were $10.7 million, or 6.6% of total revenue, for the three months ended June 30, 2007, compared to $10.9 million, or 8.9% of total revenue, for the three months ended June 30, 2006. These expenses decreased primarily due to lower share-based compensation expense compared to the prior period.

Other operating expenses. Other operating expenses were $3.8 million for the three months ended June 30, 2007, compared to $2.6 million for the three months ended June 30, 2006.

Depreciation and amortization. Depreciation and amortization was $14.7 million for the three months ended June 30, 2007, compared to $12.1 million for the three months ended June 30, 2006. This $2.6 million increase was due primarily to depreciation on our new centers opened in 2006 and early 2007.

Interest expense, net. Interest expense, net of interest income, was $6.4 million for the three months ended June 30, 2007, compared to $4.1 million for the three months ended June 30, 2006. This increase was primarily the result of increased average debt balances and increased interest rates on floating rate debt.

Provision for income taxes. The provision for income taxes was $10.9 million for the three months ended June 30, 2007, compared to $7.3 million for the three months ended June 30, 2006. This $3.6 million increase was due to an increase in income before income taxes of $7.8 million.

Net income. As a result of the factors described above, net income was $16.5 million, or 10.2% of total revenue, for the three months ended June 30, 2007, compared to $12.4 million, or 10.1% of total revenue, for the three months ended June 30, 2006.

Six Months Ended June 30, 2007, Compared to Six Months Ended June 30, 2006

Total revenue. Total revenue increased $77.3 million, or 32.5%, to $315.2 million for the six months ended June 30, 2007, from $237.9 million for the six months ended June 30, 2006.

Total center revenue grew $75.9 million, or 32.6%, to $309.0 million for the six months ended June 30, 2007, from $233.1 million for the six months ended June 30, 2006. Comparable center revenue increased 7.0% for the six months ended June 30, 2007 compared to the six months ended June 30, 2006. Of the $75.9 million increase in total center revenue,

67.0% was from membership dues, which increased $50.8 million, due to increased memberships at new and existing centers, junior membership programs and increased sales of Sports, Advantage and other value-added memberships.

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29.1% was from in-center revenue, which increased $23.7 million primarily as a result of our members increased use of our personal training, member activities, LifeCafe and LifeSpa products and services. As a result of this in-center revenue growth and our focus on broadening our offerings to our members, average in-center revenue per membership increased to $195 for the six months ended June 30, 2007, from $179 for the six months ended June 30, 2006.

3.9% was from enrollment fees, which are deferred until a center opens and recognized on a straight-line basis over 36 months. Enrollment fees increased $1.4 million for the six months ended June 30, 2007 to $12.1 million. Our number of memberships increased 24.5% to 489,489 at June 30, 2007, from 393,011 at June 30, 2006.

Other revenue increased $1.4 million, or 29.9%, to $6.2 million for the six months ended June 30, 2007, which was primarily due to increased advertising revenue from our media business.

Center operations expenses. Center operations expenses totaled $183.5 million, or 59.4% of total center revenue (or 58.2% of total revenue), for the six months ended June 30, 2007 compared to $133.6 million, or 57.3% of total center revenue (or 56.2% of total revenue), for the six months ended June 30, 2006. This $49.9 million increase primarily consisted of $25.7 million in additional payroll-related costs to support increased memberships at new centers and an increase of $13.0 million in facility-related costs, including incremental lease expense for the seven leased centers for which we assumed operations in late July 2006, utilities and real estate taxes, and an increase in expenses to support in-center products and services. As a percent of total center revenue, center operations expense increased primarily due to the lower center operating margins associated with new centers including the leased centers.

Advertising and marketing expenses. Advertising and marketing expenses were $12.8 million, or 4.1% of total revenue, for the six months ended June 30, 2007, compared to $10.6 million, or 4.4% of total revenue, for the six months ended June 30, 2006. These expenses increased primarily due to advertising for our new centers and those centers engaging in presale activities.

General and administrative expenses. General and administrative expenses were $21.2 million, or 6.7% of total revenue, for the six months ended June 30, 2007, compared to $19.7 million, or 8.3% of total revenue, for the six months ended June 30, 2006. This $1.5 million increase was primarily due to increased costs to support the growth in our membership and center base in 2007. As a percent of total revenue, general and administrative expense decreased primarily due to lower share-based compensation expense in the first six months of 2007 compared to the same period in 2006.

Other operating expenses. Other operating expenses were $7.1 million for the six months ended June 30, 2007, compared to $5.6 million for the six months ended June 30, 2006.

Depreciation and amortization. Depreciation and amortization was $28.4 million for the six months ended June 30, 2007, compared to $23.7 million for the six months ended June 30, 2006. This $4.7 million increase was due primarily to depreciation on our new centers opened in 2006 and early 2007.

Interest expense, net. Interest expense, net of interest income, was $11.9 million for the six months ended June 30, 2007, compared to $8.3 million for the six months ended June 30, 2006. This increase was primarily the result of increased average debt balances and increased interest rates on floating rate debt.

Provision for income taxes. The provision for income taxes was $20.3 million for the six months ended June 30, 2007, compared to $14.1 million for the six months ended June 30, 2006. This $6.2 million increase was due to an increase in income before income taxes of $14.0 million.

Net income. As a result of the factors described above, net income was $30.6 million, or 9.7% of total revenue, for the six months ended June 30, 2007, compared to $22.8 million, or 9.6% of total revenue, for the six months ended June 30, 2006.

Liquidity and Capital Resources

Liquidity

Historically, we have satisfied our liquidity needs through various debt arrangements, sales of equity and cash provided by operations. Principal liquidity needs have included the development of new centers, debt service requirements and expenditures necessary to maintain and

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update our existing centers and their related fitness equipment. We believe that we can satisfy our current and longer-term debt service obligations and capital expenditure requirements with cash flow from operations, by the extension of the terms of or refinancing our existing debt facilities, through sale-leaseback transactions and by continuing to raise long-term debt or equity capital, although there can be no assurance that such actions can or will be completed. Our business model operates with negative working capital because we carry minimal accounts receivable due to our ability to have monthly membership dues paid by electronic draft, we defer enrollment fee revenue and we fund the construction of our new centers under standard arrangements with our vendors that are paid with proceeds from long-term debt.

Operating Activities

As of June 30, 2007, we had total cash and cash equivalents of $8.3 million and $5.7 million of restricted cash that serves as collateral for certain of our debt arrangements. We also had $96.2 million available under the existing terms of our revolving credit facility as of June 30, 2007.

Net cash provided by operating activities was $66.2 million for the six months ended June 30, 2007, compared to $60.5 million for the six months ended June 30, 2006.

Investing Activities

Investing activities consist primarily of purchasing real property, constructing new centers and purchasing new fitness equipment. In addition, we invest in capital expenditures to maintain and update our existing centers. We finance the purchase of our property and equipment by cash payments or by financing through notes payable or capital lease obligations. For current model centers, our investment, through June 30, 2007, has ranged from approximately $18 to $36 million, which includes the land, the building and approximately $3 million of exercise equipment, furniture and fixtures. We expect the average cost of new centers constructed in 2007 to be approximately $30 million.

Net cash used in investing activities was $210.9 million for the six months ended June 30, 2007, compared to $104.1 million for the six months ended June 30, 2006. The increase of $106.8 million was primarily due to capital expenditures for the construction of new centers, purchase of land for future centers and updates to our existing centers.

The following schedule reflects capital expenditures by type of expenditure:

	For the Six Months Ended June 30,	
	2007	**2006**
	(In thousands)	
Capital expenditures for new center land, building and construction	$ 173,135	$ 91,588
Capital expenditures for updating existing centers and corporate infrastructure	27,311	18,844
Total capital expenditures	$ 200,446	$ 110,432

At July 15, 2007, we had purchased the real property for the eight new centers that we plan to open in 2007, five of which had already opened. In addition, we had purchased the real property for six of the ten current model centers we plan to open in 2008, and we had entered into agreements to purchase real property for the development of three current model centers that we plan to open in 2008.

We expect our capital expenditures to be approximately $160 to $180 million in the remaining six months of 2007, of which we expect approximately $25 to $35 million to be one-time in nature for the remodel of the seven centers leased in July 2006 and the completion of a new office building we plan to move into in the fourth quarter of 2007. In addition, we expect to incur approximately $122 to $127 million for new center construction and approximately $13 to $18 million for the updating of existing centers and corporate infrastructure. We plan to fund these capital expenditures with cash from operations, our revolving line of credit and additional mortgage financing.

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Financing Activities

Net cash provided by financing activities was $146.1 million for the six months ended June 30, 2007, compared to $39.0 million for the six months ended June 30, 2006. The change of $107.1 million was primarily due to a new $105.0 million mortgage financing.

On April 15, 2005, we entered into a Credit Agreement, with U.S. Bank National Association, as administrative agent and lead arranger, J.P. Morgan Securities, Inc., as syndication agent, and the banks party thereto from time to time (the U.S. Bank Facility). On May 31, 2007, we entered into a Second Amended and Restated Credit Agreement effective May 31, 2007 to amend and restate our U.S. Bank Facility. The material changes to the U.S. Bank Facility increase the amount of the facility from $300.0 million to $400.0 million, which may be increased by an additional $25.0 million upon the exercise of an accordion feature, and extend the term of the facility to May 31, 2012. Interest on the amounts borrowed under the U.S. Bank Facility continues to be based on (i) a base rate, which is the greater of (a) U.S. Bank s prime rate and (b) the federal funds rate plus 50 basis points, or (ii) an adjusted Eurodollar rate, plus, in either case (i) or (ii), the applicable margin within a range based on our consolidated leverage ratio. In connection with the amendment and restatement of the U.S. Bank Facility, the applicable margin ranges were reduced to zero at all times (from zero to 25 basis points) for base rate borrowings and decreased to 62.5 to 150 basis points (from 75 to 175 basis points) for Eurodollar borrowings. As of June 30, 2007, $285.0 million was outstanding on the U.S. Bank Facility, plus $18.8 million related to letters of credit.

The weighted average interest rate and debt outstanding under the revolving credit facility for the six months ended June 30, 2007 was 6.7% and $194.2 million, respectively. The weighted average interest rate and debt outstanding under the revolving credit facility for the six months ended June 30, 2006 was 6.2% and $108.6 million, respectively.

On January 24, 2007, LTF CMBS I, LLC, a wholly owned subsidiary, obtained a commercial mortgage-backed loan in the original principal amount of $105.0 million from Goldman Sachs Commercial Mortgage Capital, L.P. pursuant to a loan agreement dated January 24, 2007. The mortgage financing is secured by six properties owned by the subsidiary and operated as Life Time Fitness centers located in Tempe, Arizona, Commerce Township, Michigan, and Garland, Flower Mound, Willowbrook and Sugar Land, Texas. The mortgage financing matures in February 2017. Interest on the amounts borrowed under the mortgage financing referenced above is 6.03% per annum, with a constant monthly debt service payment of $0.6 million. Our subsidiary LTF CMBS I, LLC, as landlord, and LTF Club Operations Company, Inc., another wholly owned subsidiary of ours as tenant, entered into a lease agreement dated January 24, 2007 with respect to the properties. The initial term of the lease ends in February 2022, but the lease term may be extended at the option of LTF Club Operations Company, Inc. for two additional periods of five years each. Our subsidiaries may not transfer any of the properties except as permitted under the loan agreement. We guarantee the obligations of our subsidiary under the lease.

As additional security for LTF CMBS I, LLC s obligations under the mortgage financing, the subsidiary granted a security interest in all assets owned from time to time by the subsidiary including the properties which had a net book value of $99.1 million on January 24, 2007, the revenues from the properties and all other tangible and intangible property, and certain bank accounts belonging to the subsidiary that the lender has required pursuant to the mortgage financing.

We are in compliance in all material respects with all restrictive and financial covenants under our various credit facilities as of June 30, 2007.

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Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We invest our excess cash in highly liquid short-term investments. These investments are not held for trading or other speculative purposes. Changes in interest rates affect the investment income we earn on our cash and cash equivalents and, therefore, impact our cash flows and results of operations. As of June 30, 2007 and December 31, 2006, our floating rate indebtedness was approximately $285.0 million and $245.0 million, respectively. If long-term floating interest rates were to have increased by 100 basis points during the six months ended June 30, 2007, our interest costs would have increased by approximately $1.0 million. If short-term interest rates were to have increased by 100 basis points during the six months ended June 30, 2007, our interest income from cash equivalents would have increased by less than $0.1 million. These amounts are determined by considering the impact of the hypothetical interest rates on our floating rate indebtedness and cash equivalents balances at June 30, 2007.

Item 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of the principal executive officer and principal financial officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act)). Based on this evaluation, the principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management, including the principal executive and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities in Second Quarter 2007

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan (1)	Maximum Number of Shares that May Yet be Purchased Under the Plan (1)
April 1 - 30, 2007				489,265
May 1 - 31, 2007				489,265
June 1 - 30, 2007				489,265
Total				489,265

(1) In June 2006, our Board of Directors authorized the repurchase of

500,000 shares of our common stock from time to time in the open market or otherwise for the primary purpose of offsetting the dilutive effect of shares issued pursuant to our Employee Stock Purchase Plan.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Annual Meeting of Shareholders held on April 26, 2007, the shareholders voted on the following:

1. Proposal to elect a board of seven directors, to serve until the next annual meeting of shareholders or until their successors have been duly elected and qualified. The following directors were elected based on the votes listed below:

Nominee	For	Withheld
Bahram Akradi	33,826,174	386,339
Giles H. Bateman	34,159,342	53,171
James F. Halpin	34,159,677	52,836
Guy C. Jackson	33,457,419	755,094
John B. Richards	34,137,822	74,691
Stephen R. Sefton	33,826,417	386,096
Joseph H. Vassalluzzo	34,142,784	69,729

2. Proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007. The proposal passed on a vote of 34,068,858 in favor, 131,704 against, 11,951 abstentions and no broker non-votes.

As of the close of business on the record date for the meeting, which was February 26, 2007, there were 36,839,977 shares of common stock outstanding and entitled to vote at the meeting. Each share of common stock was entitled to one vote per share.

ITEM 5. OTHER INFORMATION

Not applicable.

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ITEM 6. EXHIBITS

Exhibits filed with this report

Exhibit No.	Description	Method of Filing
3.1	Amended and Restated Articles of Incorporation of the Registrant	Incorporated by reference to Exhibit 3.1 to the Registrant s Form 10-Q for the quarter ended June 30, 2004 (File No. 001-32230)
3.2	Amended and Restated Bylaws of the Registrant	Incorporated by reference to Exhibit 3.4 to Amendment No. 2 to the Registrant s Registration Statement on Form S-1 (File No. 333-113764), filed with the Commission on May 21, 2004
4	Specimen of Common Stock Certificate	Incorporated by reference to Exhibit 4 to Amendment No. 4 to the Registrant s Registration Statement of Form S-1 (File No. 333-113764), filed with the Commission on June 23, 2004
10.1	Second Amended and Restated Credit Agreement, dated as of May 31, 2007, among the Company, U.S. Bank National Association, as administrative agent and lead arranger, J.P. Morgan Securities Inc. and Royal Bank of Canada, as co-syndication agents, BMO Capital Markets, as documentation agent, and the banks party thereto from time to time	Filed Electronically
31.1	Rule 13a-14(a)/15d-14(a) Certification by Principal Executive Officer	Filed Electronically
31.2	Rule 13a-14(a)/15d-14(a) Certification by Principal Financial and Accounting Officer	Filed Electronically
32	Section 1350 Certifications	Filed Electronically

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Life Time Fitness, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on August 1, 2007.

LIFE TIME FITNESS, INC.

By: /s/ Bahram Akradi
Name: Bahram Akradi
Title: Chairman of the Board of Directors, President and Chief Executive Officer
(Principal Executive Officer and Director)

By: /s/ Michael R. Robinson
Name: Michael R. Robinson
Title: Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ John M. Hugo
Name: John M. Hugo
Title: Controller (Principal Accounting Officer)

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31.1	Rule 13a-14(a)/15d-14(a) Certification by Principal Executive Officer	Filed Electronically
31.2	Rule 13a-14(a)/15d-14(a) Certification by Principal Financial and Accounting Officer	Filed Electronically
32	Section 1350 Certifications	Filed Electronically