

LIFE TIME FITNESS INC
Form 10-Q
May 01, 2008

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

FORM 10-Q

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

For the quarterly period ended March 31, 2008

or

**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

(State or other jurisdiction of
incorporation or organization)

2902 Corporate Place

Chanhassen, Minnesota

(Address of principal executive offices)

41-1689746

(I.R.S. Employer
Identification No.)

55317

(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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

The number of shares outstanding of the Registrant's common stock as of April 21, 2008 was 39,525,997 common shares.

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

| | March 31, 2008 | December 31, 2007 |
|---|---------------------------|----------------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 2,459 | \$ 5,354 |
| Accounts receivable, net | 3,278 | 4,475 |
| Inventories | 13,942 | 14,324 |
| Prepaid expenses and other current assets | 13,173 | 15,963 |
| Deferred membership origination costs | 17,333 | 16,205 |
| Deferred income taxes | 1,177 | 1,188 |
| Income tax receivable | | 5,814 |
| | | |
| Total current assets | 51,362 | 63,323 |
| PROPERTY AND EQUIPMENT, net | 1,360,427 | 1,259,271 |
| RESTRICTED CASH | 3,515 | 6,767 |
| DEFERRED MEMBERSHIP ORIGINATION COSTS | 15,157 | 14,367 |
| OTHER ASSETS | 52,654 | 42,805 |
| | | |
| TOTAL ASSETS | \$ 1,483,115 | \$ 1,386,533 |
| | | |
| LIABILITIES AND SHAREHOLDERS EQUITY | | |
| CURRENT LIABILITIES: | | |
| Current maturities of long-term debt | \$ 9,314 | \$ 9,568 |
| Accounts payable | 12,148 | 12,872 |
| Construction accounts payable | 64,549 | 59,261 |
| Accrued expenses | 48,090 | 47,052 |
| Deferred revenue | 38,181 | 34,851 |
| | | |
| Total current liabilities | 172,282 | 163,604 |
| LONG-TERM DEBT, net of current portion | 622,130 | 555,037 |
| DEFERRED RENT LIABILITY | 25,827 | 25,526 |
| DEFERRED INCOME TAXES | 39,456 | 38,607 |
| DEFERRED REVENUE | 18,620 | 17,529 |
| OTHER LIABILITIES | 14,839 | 13,673 |
| | | |
| Total liabilities | 893,154 | 813,976 |
| | | |
| COMMITMENTS AND CONTINGENCIES (Note 8) | | |
| SHAREHOLDERS EQUITY: | | |

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| | | |
|--|---------------------|---------------------|
| Undesignated preferred stock, 10,000,000 shares authorized; none issued or outstanding | | |
| Common stock, \$.02 par value, 50,000,000 shares authorized; 39,525,491 and 39,137,947 shares issued and outstanding, respectively | 791 | 783 |
| Additional paid-in capital | 376,276 | 373,910 |
| Retained earnings | 217,294 | 199,890 |
| Accumulated other comprehensive loss | (4,400) | (2,026) |
| Total shareholders equity | 589,961 | 572,557 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | \$ 1,483,115 | \$ 1,386,533 |

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 March 31, | |
|---|---|-------------|
| | 2008 | 2007 |
| REVENUE: | | |
| Membership dues | \$ 119,648 | \$ 100,528 |
| Enrollment fees | 6,533 | 5,686 |
| In-center revenue | 55,265 | 43,897 |
| Total center revenue | 181,446 | 150,111 |
| Other revenue | 3,005 | 2,990 |
| Total revenue | 184,451 | 153,101 |
| OPERATING EXPENSES: | | |
| Center operations | 107,580 | 89,492 |
| Advertising and marketing | 9,498 | 7,369 |
| General and administrative | 10,672 | 10,488 |
| Other operating | 4,095 | 3,324 |
| Depreciation and amortization | 16,590 | 13,687 |
| Total operating expenses | 148,435 | 124,360 |
| Income from operations | 36,016 | 28,741 |
| OTHER INCOME (EXPENSE): | | |
| Interest expense, net of interest income of \$71 and \$44, respectively | (7,211) | (5,528) |
| Equity in earnings of affiliate | 323 | 316 |
| Total other income (expense) | (6,888) | (5,212) |
| INCOME BEFORE INCOME TAXES | 29,128 | 23,529 |
| PROVISION FOR INCOME TAXES | 11,724 | 9,395 |
| NET INCOME | \$ 17,404 | \$ 14,134 |
| BASIC EARNINGS PER COMMON SHARE | \$ 0.45 | \$ 0.39 |
| DILUTED EARNINGS PER COMMON SHARE | \$ 0.44 | \$ 0.38 |

| | | |
|---|--------|--------|
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING BASIC | 38,895 | 36,642 |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING DILUTED | 39,363 | 37,392 |

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 Three Months Ended March 31, | |
|--|---|-------------|
| | 2008 | 2007 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 17,404 | \$ 14,134 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 16,590 | 13,687 |
| Deferred income taxes | 3,252 | 1,496 |
| Provision for doubtful accounts | 30 | (5) |
| Loss on disposal of property and equipment, net | 831 | 39 |
| Amortization of deferred financing costs | 235 | 195 |
| Share-based compensation | 1,782 | 1,818 |
| Excess tax benefit from stock option exercises | (65) | (916) |
| Equity in earnings of affiliate | (323) | (316) |
| Changes in operating assets and liabilities | 9,568 | 8,848 |
| Other | 18 | 47 |
| Net cash provided by operating activities | 49,322 | 39,027 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment (excluding non-cash purchases supplementally noted below) | (100,485) | (84,146) |
| Proceeds from sale of property and equipment | 392 | 35 |
| Proceeds from property insurance settlement | | 48 |
| Increase in other assets | (7,215) | (1,155) |
| Decrease in restricted cash | 3,252 | 29 |
| Net cash used in investing activities | (104,056) | (85,189) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from long-term borrowings | | 105,000 |
| Repayments of long-term borrowings | (2,415) | (3,179) |
| Proceeds from (repayments of) revolving credit facility, net | 54,200 | (57,700) |
| Increase in deferred financing costs | (310) | (1,014) |
| Excess tax benefit from stock option exercises | 65 | 916 |
| Proceeds from stock option exercises | 299 | 1,171 |
| Net cash provided by financing activities | 51,839 | 45,194 |

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| | | |
|---|----------|----------|
| DECREASE IN CASH AND CASH EQUIVALENTS | (2,895) | (968) |
| CASH AND CASH EQUIVALENTS Beginning of period | 5,354 | 6,880 |
| CASH AND CASH EQUIVALENTS End of period | \$ 2,459 | \$ 5,912 |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | |
| Cash payments for interest, including capitalized interest of \$1,914 and \$1,830, respectively | \$ 8,683 | \$ 5,721 |
| Cash payments for income taxes | \$ 109 | \$ 571 |
| SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES: | | |
| Purchase of property financed through capital lease obligation | \$ 9,543 | \$ |
| Purchases of property and equipment in accounts payable | \$ 4,957 | \$ 273 |
| Non-cash share-based compensation capitalized to projects under development | \$ 228 | \$ 166 |

See notes to unaudited consolidated financial statements.

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LIFE TIME FITNESS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Table amounts in thousands, except share and per share data)

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, 2007.

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 Amended and Restated 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 March 31, 2008, 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 1,176,797 shares were outstanding, and a total of 762,402 restricted shares were granted, of which 591,123 restricted shares were outstanding and unvested. We use the term restricted shares to define nonvested shares granted to employees and non-employee directors, 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.

Total share-based compensation expense included in our consolidated statements of operations for the three months ended March 31, 2008 and 2007, was as follows:

| | For the Three Months Ended March 31, | |
|---|---|-------------|
| | 2008 | 2007 |
| Share-based compensation expense related to stock options | \$ 702 | \$ 929 |
| Share-based compensation expense related to restricted shares | 1,050 | 859 |
| Share-based compensation expense related to ESPP | 30 | 30 |
| Total share-based compensation expense | \$ 1,782 | \$ 1,818 |

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The following table summarizes the stock option transactions for the three months ended March 31, 2008:

| Options | Shares | Weighted-Average Exercise Price | Weighted Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value |
|--|---------------|--|---|----------------------------------|
| Outstanding at December 31, 2007 | 1,208,267 | \$21.17 | | |
| Granted | | | | |
| Exercised | (31,470) | 9.81 | | |
| Canceled | | | | |
| Outstanding at March 31, 2008 | 1,176,797 | \$21.48 | 6.3 | \$11,451 |
| Vested or Expected to Vest at March 31, 2008 | 1,144,150 | \$21.32 | 6.3 | \$11,313 |
| Exercisable at March 31, 2008 | 833,147 | \$19.20 | 6.0 | \$10,003 |

No options were granted during the three months ended March 31, 2008. The weighted average grant date fair value of stock options granted during the three months ended March 31, 2007 was \$20.35. 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 three months ended March 31, 2008 and 2007 was \$0.9 million and \$3.5 million, respectively. As of March 31, 2008, there was \$3.4 million of unrecognized compensation expense related to stock options that is expected to be recognized over a weighted average period of 1.1 years.

The fair value of each stock option was estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions used: ⁽¹⁾

| | For the Three Months Ended March 31, | |
|--|---|-------------|
| | 2008 | 2007 |
| Risk-free interest rate ⁽²⁾ | | 4.7% |
| Expected dividend yield | | |
| Expected life in years ⁽³⁾ | | 5 |
| Volatility ⁽³⁾ | | 36.9% |

(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 reported by a peer group of publicly traded companies.

Net cash proceeds from the exercise of stock options were \$0.3 million and \$1.2 million for the three months ended March 31, 2008, and 2007, respectively. The actual income tax benefit realized from stock option exercises total \$0.1 million and \$0.9 million, respectively, for those same periods.

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A summary of restricted stock activity follows:

| | Restricted Shares | Range of Market Price Per Share on Grant Date |
|----------------------------------|------------------------------|--|
| Outstanding at December 31, 2007 | 302,345 | \$24.75-53.95 |
| Granted | 356,574 | 26.46 |
| Canceled | (500) | 51.15 |
| Vested | (67,296) | 24.75-53.95 |
| Outstanding at March 31, 2008 | 591,123 | \$26.29-53.95 |

During the three months ended March 31, 2008 and 2007, we issued 356,574 and 134,450 shares of restricted stock, respectively, with an aggregate fair value of \$9.4 million and \$6.6 million, respectively. The grant date fair market value of restricted shares that vested during the three months ended March 31, 2008 was \$2.9 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 January 1, 2008 and ends June 30, 2008. Compensation expense under the ESPP is estimated 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 ESPP. During the first quarter of 2008, we repurchased 13,700 shares for approximately \$0.7 million. As of March 31, 2008, there were 465,165 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 applicable to common shareholders by the weighted average number of shares of common stock outstanding for each period. Diluted EPS is computed based on the weighted-average number of common shares and common equivalent shares. Common equivalent shares represent the effect of stock options and restricted stock awards during each period presented, which if exercised, would dilute EPS. Stock options and restricted shares excluded from the calculation of diluted EPS because the option exercise or award price was greater than the average market price of the common share were 318,083 and 0 for the three months ended March 31, 2008 and 2007, respectively.

The basic and diluted earnings per share calculations are shown below:

| | | For the Three Months Ended March 31, | |
|--|---------|---|-------------|
| | | 2008 | 2007 |
| Net income | | \$ 17,404 | \$ 14,134 |
| Weighted average number of common shares outstanding | basic | 38,895 | 36,642 |
| Effect of dilutive stock options | | 299 | 665 |
| Effect of dilutive restricted stock awards | | 169 | 85 |
| Weighted average number of common shares outstanding | diluted | 39,363 | 37,392 |

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| | | |
|-----------------------------------|---------|---------|
| Basic earnings per common share | \$ 0.45 | \$ 0.39 |
| Diluted earnings per common share | \$ 0.44 | \$ 0.38 |

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Our operations are conducted mainly through our distinctive and large, multi-use sports and athletic, professional fitness, family recreation and resort and spa centers. We aggregate the activities of our centers and other ancillary businesses into one reportable segment as none of the centers or other ancillary businesses meet the quantitative thresholds for separate disclosure under SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information. Each of the centers has similar expected economic characteristics, service and product offerings, customers and design. Each of the other ancillary businesses either directly or indirectly, through advertising or branding, compliment the operations of the centers. Our chief operating decision maker uses EBITDA as the primary measure of operating segment performance.

The following table presents revenue for the three months ended March 31, 2008 and 2007:

| | For the Three Months Ended March 31, | |
|-------------------|---|----------------|
| | 2008 | 2007 |
| Membership dues | \$ 119,648 | \$ 100,528 |
| Enrollment fees | 6,533 | 5,686 |
| Personal training | 28,581 | 21,887 |
| Other in-center | 26,684 | 22,010 |
| Other | 3,005 | 2,990 |
| Total revenue | \$ 184,451 | \$ 153,101 |

5. Income Taxes

We adopted the provisions of Financial Accounting Standards Board (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 presented in our consolidated balance sheets in conformance with the requirements of the statement.

At December 31, 2007 and March 31, 2008, we provided a liability for \$12.9 million and \$13.9 million, respectively, included in other long-term liabilities on our consolidated balance sheets, for unrecognized tax benefits related to various federal and state income tax matters. Included in the FIN 48 liability at December 31, 2007 and March 31, 2008, we provided \$1.4 million and \$1.5 million, respectively, that if reversed, would affect our effective tax rate if recognized. These amounts include related interest and penalties and are net of tax benefits of \$0.3 million.

We recognize interest accrued related to unrecognized tax benefits and penalties as income tax expense. Related to the uncertain tax benefits noted above, we accrued penalties and interest in total, as of December 31, 2007, of \$0.8 million, which is net of \$0.5 million of tax benefits. The liability for the payment of interest and penalties did not materially change during the three months ended March 31, 2008.

In addition, we believe that it is reasonably possible that approximately \$3.6 million of our currently remaining unrecognized tax positions, of which \$3.1 million relates to depreciation related to property and equipment lives, may be recognized by the end of 2008 as a result of a lapse of the statute of limitations.

We are subject to taxation in the U.S. and various states. Our tax years 2004, 2005 and 2006 are subject to examination by the tax authorities. With few exceptions, we are no longer subject to U.S. federal, state or local examinations by tax authorities for years before 2004.

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

| | For the Three Months Ended March 31, | |
|---|---|-------------|
| | 2008 | 2007 |
| Accounts receivable | \$ 1,167 | \$ 32 |
| Income tax receivable | 5,879 | 1,013 |
| Inventories | 382 | (2,480) |
| Prepaid expenses and other current assets | 2,790 | (2,574) |
| Deferred membership origination costs | (1,918) | (2,958) |
| Accounts payable | (4,704) | (219) |
| Accrued expenses | 1,126 | 10,527 |
| Deferred revenue | 4,421 | 5,561 |
| Deferred rent | 301 | (54) |
| Other liabilities | 124 | |
| Changes in operating assets and liabilities | \$ 9,568 | \$ 8,848 |

7. Subsequent Event

On January 24, 2008, we amended our credit facility with U.S. Bank National Association to increase the amount of the accordion feature from \$25.0 million to \$200.0 million and increase the senior secured operating company leverage ratio from not more than 2.50 to 1.00 to not more than 3.25 to 1.00. The amendment also allows for the issuance of additional senior debt and sharing of related collateral with lenders other than the existing bank syndicate. On April 9, 2008 we exercised \$21.0 million of the accordion feature bringing the committed amount of the facility to \$421.0 million. This reduced the remaining accordion to \$179.0 million.

8. 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.

9. New Accounting Pronouncements

In September 2006, the FASB issued Statement SFAS No. 157, Fair Value Measurements (SFAS 157). This accounting standard defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standard applies under other accounting pronouncements that require or permit fair value measurements with certain exceptions. SFAS 157 was effective for us January 1, 2008. The adoption of SFAS 157 did not have a material effect on our financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159). This accounting standard permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. The standard also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. As allowed under SFAS 159, we elected to not adopt any of the provisions of SFAS 159 for the first quarter of 2008.

In December 2007, the FASB issued a revision of SFAS No. 141, Business Combinations (SFAS 141(R)). This accounting standard requires an acquirer to recognize and measure the assets acquired, liabilities assumed and any

noncontrolling interests in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exception. In addition, SFAS 141(R) requires that acquisition-related costs will be generally

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expensed as incurred. SFAS 141(R) also expands the disclosure requirements for business combinations. SFAS 141(R) will be effective for us on January 1, 2009. We are currently evaluating the effects of the adoption of SFAS 141(R).

In March 2008, the FASB issued SFAS No. 161, Disclosures About Derivative Instruments and Hedging Activities an amendment of SFAS No. 133 (SFAS 161). SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities including how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for, and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. SFAS 161 will be effective for us on January 1, 2009. We are currently evaluating the effects of the adoption of SFAS 161.

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, 2007. 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 consolidated 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, 2007.

Overview

We operate distinctive and large, multi-use sports and athletic, professional fitness, family recreation and resort and spa centers under the LIFE TIME FITNESS® brand. We design, develop and operate our own centers and we focus on providing our members and customers with products and services at a high quality and compelling value in the areas of education, exercise and nutrition.

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. We include an acquired center for comparable center revenue purposes beginning on the first day of the thirteenth full calendar month after we assumed the center's operations. 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 eleven new centers we plan to open in 2008, we expect that eight 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 and the assumption of operations of one leased facility in 2007, 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 eight leased centers, to affect our center operating margins at these new

centers and on a consolidated basis. Our categories of new centers and existing centers do not include the center owned by

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Bloomington 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.

We have three primary sources of revenue. First, our largest source of revenue is membership dues (64.9% of total revenue for the quarter ended March 31, 2008) and enrollment fees (3.5% of total revenue for the quarter ended March 31, 2008) 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 within a center, which we refer to as in-center revenue, or in-center businesses (30.0% of total revenue for the quarter ended March 31, 2008), including 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, tennis programs 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, or corporate businesses (1.6% of total revenue for the quarter ended March 31, 2008), including our media, 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 levels, in-center businesses and our corporate 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, athletic events and nutritional product 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, the number of centers engaged in presale activities and the performance of the in-center businesses.

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 inception in 2000, has ranged from approximately \$18 to \$39 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 or add other facilities. The average cost for the current model centers opened in 2007 was approximately \$31 million. We expect the average cost of new centers constructed in 2008 to be approximately \$35 million, reflecting location costs and the new 3-story centers set to open. 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. Ultimate 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 historical 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.

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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 our three fiscal years ended December 31, 2007.

Results of Operations

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

| | For the Three Months Ended March 31, | |
|--|---|-------------|
| | 2008 | 2007 |
| Revenue | | |
| Center revenue | | |
| Membership dues | 64.9% | 65.7% |
| Enrollment fees | 3.5 | 3.7 |
| In-center revenue | 30.0 | 28.6 |
| Total center revenue | 98.4 | 98.0 |
| Other revenue | 1.6 | 2.0 |
| Total revenue | 100.0 | 100.0 |
| Operating expenses | | |
| Center operations | 58.3 | 58.4 |
| Advertising and marketing | 5.1 | 4.8 |
| General and administrative | 5.8 | 6.9 |
| Other operating | 2.3 | 2.2 |
| Depreciation and amortization | 9.0 | 8.9 |
| Total operating expenses | 80.5 | 81.2 |
| Income from operations | 19.5 | 18.8 |
| Other income (expense) | | |
| Interest expense, net | (3.9) | (3.6) |
| Equity in earnings of affiliate | 0.2 | 0.2 |
| Total other income (expense) | (3.7) | (3.4) |
| Income before income taxes | 15.8 | 15.4 |
| Provision for income taxes | 6.4 | 6.2 |
| Net income | 9.4% | 9.2% |
| Other financial and operating data: | | |
| Average center revenue per membership | \$ 363 | \$ 334 |
| Average in-center revenue per membership | \$ 111 | \$ 98 |
| Centers open at end of period | 71 | 60 |

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| | | |
|--|-----------|-----------|
| Number of memberships at end of period | 521,177 | 474,364 |
| Total center square footage at end of period (1) | 6,961,969 | 5,802,627 |

(1) The square footage presented in this table reflects fitness square footage which is the best metric for the efficiencies of a facility. We exclude outdoor pool, outdoor play areas, indoor/outdoor tennis elements and satellite facility square footage.

Table of Contents***Three Months Ended March 31, 2008, Compared to Three Months Ended March 31, 2007***

Total revenue. Total revenue increased \$31.4 million, or 20.5%, to \$184.5 million for the three months ended March 31, 2008, from \$153.1 million for the three months ended March 31, 2007.

Total center revenue grew \$31.3 million, or 20.9%, to \$181.4 million for the three months ended March 31, 2008, from \$150.1 million for the three months ended March 31, 2007. Comparable center revenue increased 4.3% for the three months ended March 31, 2008 compared to the three months ended March 31, 2007. Of the \$31.3 million increase in total center revenue,

61.0% was from membership dues, which increased \$19.1 million, or 19.0%, due to increased memberships at new centers, junior membership programs and increased sales of value-added memberships. Our number of memberships increased 9.9% to 521,177 at March 31, 2008 from 474,364 at March 31, 2007. Our membership growth of 9.9% was down from a membership growth rate of 23.7% in first quarter 2007 primarily due to our anniversary of the acquisition of seven leased centers in July 2006, our strategy to reduce memberships in centers where memberships exceed our target capacity and the effects of a slower economy in the fourth quarter of 2007 and the first quarter of 2008.

36.3% was from in-center revenue, which increased \$11.4 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 from \$98 for the three months ended March 31, 2007 to \$111 for the three months ended March 31, 2008.

2.7% 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 March 31, 2008 to \$6.5 million.

Other revenue increased less than \$0.1 million, or 0.5%, to \$3.0 million for the three months ended March 31, 2008, which was primarily due to increased advertising revenue from our media business.

Center operations expenses. Center operations expenses totaled \$107.6 million, or 59.3% of total center revenue (or 58.3% of total revenue), for the three months ended March 31, 2008 compared to \$89.5 million, or 59.6% of total center revenue (or 58.4% of total revenue), for the three months ended March 31, 2007. This \$18.1 million increase primarily consisted of \$9.6 million in additional payroll-related costs to support increased memberships at new centers, an increase of \$4.0 million in facility-related costs, including 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 decreased slightly due to increased efficiencies related to centralized administration.

Advertising and marketing expenses. Advertising and marketing expenses were \$9.5 million, or 5.1% of total revenue, for the three months ended March 31, 2008, compared to \$7.4 million, or 4.8% of total revenue, for the three months ended March 31, 2007. These expenses increased primarily due to broader advertising for existing and new centers and those centers engaging in presale activities.

General and administrative expenses. General and administrative expenses were \$10.7 million, or 5.8% of total revenue, for the three months ended March 31, 2008, compared to \$10.5 million, or 6.9% of total revenue, for the three months ended March 31, 2007. This \$0.2 million increase was primarily due to increased costs to support the growth in membership and the center base. As a percent of total revenue, general and administrative expense decreased primarily due to increased efficiencies and productivity improvements.

Other operating expenses. Other operating expenses were \$4.1 million for the three months ended March 31, 2008, compared to \$3.3 million for the three months ended March 31, 2007. This increase is primarily a result of losses on the disposition of property and equipment.

Depreciation and amortization. Depreciation and amortization was \$16.6 million for the three months ended March 31, 2008, compared to \$13.7 million for the three months ended March 31, 2007. This \$2.9 million increase was due primarily to depreciation on our new centers opened in 2007 and the first quarter of 2008.

Interest expense, net. Interest expense, net of interest income, was \$7.2 million for the three months ended March 31, 2008, compared to \$5.5 million for the three months ended March 31, 2007. This \$1.7 million increase was primarily the result of increased average debt balances on floating rate debt.

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Provision for income taxes. The provision for income taxes was \$11.7 million for the three months ended March 31, 2008, compared to \$9.4 million for the three months ended March 31, 2007. This \$2.3 million increase was due to an increase in income before income taxes of \$5.6 million.

Net income. As a result of the factors described above, net income was \$17.4 million, or 9.4% of total revenue, for the three months ended March 31, 2008, compared to \$14.1 million, or 9.2% of total revenue, for the three months ended March 31, 2007.

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 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 March 31, 2008, we had total cash and cash equivalents of \$2.5 million and \$3.5 million of restricted cash that serves as collateral for certain of our debt arrangements. We also had \$23.9 million available under the existing terms of our revolving credit facility as of March 31, 2008.

Net cash provided by operating activities was \$49.3 million for the three months ended March 31, 2008 compared to \$39.0 million for the three months ended March 31, 2007, driven primarily by a \$3.3 million, or 23.1%, improvement in net income and an increase in depreciation expense of \$2.9 million.

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 March 31, 2008, has ranged from approximately \$18 to \$39 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 2008 to be approximately \$35 million, reflecting location costs and the new 3-story centers set to open.

Net cash used in investing activities was \$104.1 million for the three months ended March 31, 2008, compared to \$85.2 million for the three months ended March 31, 2007. The increase of \$18.9 million was primarily due to capital expenditures for the construction of new centers and updates to our existing centers.

Our capital expenditures were as follows (in thousands):

| | For the Three Months Ended March 31, | |
|---|---|------------------|
| | 2008 | 2007 |
| Cash purchases of property and equipment | \$ 100,485 | \$ 84,146 |
| Non-cash purchase of property financed through capital lease obligation | 9,543 | |
| Non-cash purchases of property and equipment in accounts payable | 4,957 | 273 |
| Non-cash share-based compensation capitalized to projects under development | 228 | 166 |
| Total capital expenditures | \$ 115,213 | \$ 84,585 |

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The following schedule reflects capital expenditures by type of expenditure (in thousands):

| | For the Three Months Ended March 31, | |
|---|---|------------------|
| | 2008 | 2007 |
| New center land, building and construction on clubs opened or to be opened through the current year | \$ 76,322 | \$ 53,353 |
| New center land, building and construction on clubs to be opened in the next calendar year | 17,594 | 17,586 |
| Acquisitions, updating existing centers and corporate infrastructure | 21,297 | 13,646 |
| Total capital expenditures | \$ 115,213 | \$ 84,585 |

At April 15, 2008, we had purchased or leased the real property for the 11 new centers that we plan to open in 2008, one of which had already opened. In addition, we had purchased the real property for three and entered into a ground lease for one of the 11 current model centers we plan to open in 2009, and we had entered into agreements to purchase or lease real property for the development of seven current model centers that we plan to open in 2009. Construction in progress, including land purchased for future development totaled \$209.8 million at March 31, 2008 and \$153.4 million at March 31, 2007.

We expect our cash outlays for capital expenditures to be approximately \$440 to \$460 million for the year ending December 31, 2008, including approximately \$340 to \$360 million in the remaining nine months of 2008. Of this approximately \$340 to \$360 million, we expect approximately \$15 to \$20 million to be one-time in nature for the remodeling of the seven centers leased in 2006 and two acquired and leased centers we took over in 2007. In addition, we expect to incur approximately \$305 to \$315 million for new center construction and approximately \$20 to \$25 million for the updating of existing centers and corporate infrastructure. We plan to fund these capital expenditures with cash from operations, our revolving credit facility and additional long-term financing.

Financing Activities

Net cash provided by financing activities was \$51.8 million for the three months ended March 31, 2008, compared to \$45.2 million for the three months ended March 31, 2007. The increase of \$6.6 million was primarily due to increased borrowings on our revolving credit facility.

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 by a little over one year 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.

On January 24, 2008, we amended the facility to increase the amount of the accordion feature from \$25.0 million to \$200.0 million and increase the senior secured operating company leverage ratio from not more than 2.50 to 1.00 to not more than 3.25 to 1.00. The amendment also allows for the issuance of additional senior debt and sharing of related collateral with lenders other than the existing bank syndicate. On April 9, 2008, we exercised \$21.0 million of the accordion feature, increasing the amount of the facility from \$400.0 million to \$421.0 million. As of March 31, 2008, \$367.0 million was outstanding on the U.S. Bank Facility, plus \$9.1 million related to letters of credit.

The weighted average interest rate and debt outstanding under the revolving credit facility for the three months ended March 31, 2008 was 5.3% and \$320.9 million, respectively. The weighted average interest rate and debt outstanding under the revolving credit facility for the three months ended March 31, 2007 was 6.8% and \$176.5 million, respectively.

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We are in compliance in all material respects with all restrictive and financial covenants under our various credit facilities as of March 31, 2008.

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 March 31, 2008 and December 31, 2007, our floating rate indebtedness was approximately \$242.0 million and \$187.8 million, respectively. If long-term floating interest rates were to have increased by 100 basis points during the three months ended March 31, 2008, our interest costs would have increased by approximately \$0.5 million. If short-term interest rates were to have increased by 100 basis points during the three months ended March 31, 2008, 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 March 31, 2008.

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 First Quarter 2008**

| 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) |
|---------------------|---|------------------------------------|---|---|
| January 1 31, 2008 | 13,700 | \$48.13 | 13,700 | 465,165 |
| February 1 29, 2008 | | | | 465,165 |
| March 1 31, 2008 | | | | 465,165 |
| Total | 13,700 | \$48.13 | 13,700 | 465,165 |

(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.

Table of Contents**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

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

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

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 | Amendment No. 1 to Second Amended and Restated Credit Agreement, dated as of January 24, 2008, 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. | Incorporated by reference to Exhibit 10.37 to the Registrant's Form 10-K for the year ended December 31, 2007 (File No. 001-32230) |
| 10.2 | Form of 2008 Key Executive Incentive Compensation Plan | Incorporated by reference to Item 10.1 to the Registrant's Form 8-K dated March 14, 2008 (File No. 001-32230) |
| 10.3 | Form of 2008 Restricted Stock Agreement (Executive) for 2004 Long-Term Incentive Plan with performance-based | Incorporated by reference to Item 10.2 to the Registrant's |

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| | | |
|------|---|---|
| | vesting component | Form 8-K dated March 14, 2008 (File No. 001-32230) |
| 10.4 | Form of 2008 Restricted Stock Unit Agreement issued to Bahram Akradi | Incorporated by reference to Item 10.3 to the Registrant's Form 8-K dated March 14, 2008 (File No. 001-32230) |
| 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 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 May 1, 2008.

LIFE TIME FITNESS, INC.

By: /s/ Bahram Akradi

Name: Bahram Akradi

Title: Chairman of the Board of Directors 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: Vice President and Corporate Controller
(Principal Accounting Officer)

Table of Contents**INDEX TO EXHIBITS**

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| 10.3 | Form of 2008 Restricted Stock Agreement (Executive) for 2004 Long-Term Incentive Plan with performance-based vesting component | Incorporated by reference to Item 10.2 to the Registrant's Form 8-K dated March 14, 2008 (File No. 001-32230) |
| 10.4 | Form of 2008 Restricted Stock Unit Agreement issued to Bahram Akradi | Incorporated by reference to Item 10.3 to the Registrant's Form 8-K dated March 14, 2008 (File No. 001-32230) |

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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 Officer | Filed Electronically |
| 32 | Section 1350 Certifications | Filed Electronically |

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