



*Your answer to a healthy way of life.<sup>SM</sup>*



## **Annual Meeting of Shareholders**

**May 4, 2006**



Your answer to a healthy way of life.<sup>SM</sup>



# Welcome

**Kenneth E. Cooper**

***Senior Director – Finance and Investor Relations Officer***

# 2006 Annual Meeting of Shareholders

---

1. Formal Business Meeting
2. Management Presentation
  - Business Overview
  - Financial Overview
3. Question and Answer Session



During this presentation, we may make forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. Forward-looking statements include statements about:

- our estimates of future expenses, revenue and profitability;
- trends affecting our financial condition and results of operations;
- our ability to attract and retain members or achieve our targeted membership capacity;
- the availability and terms of debt financing;
- our ability to identify sites and open new centers on schedule;
- new initiatives to enhance our brand in the areas of exercise, nutrition and education;
- industry trends and the competitive environment;
- the impact of losing one or more senior executives or failing to attract additional key personnel;
- other forward-looking statements that can often be identified by use of terms such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “should,” “will,” “would,” and similar expressions.



Your answer to a healthy way of life.<sup>SM</sup>



# Formal Business Meeting

**Eric J. Buss**

***Executive Vice President, General Counsel and Secretary***

- Election of Directors
  - Bahram Akradi
  - Giles H. Bateman
  - Timothy C. DeVries
  - James F. Halpin
  - Guy C. Jackson
  - David A. Landau
  - Stephen R. Sefton
- Ratification of Deloitte & Touche LLP as Independent Registered Public Accounting Firm
- Approve the Life Time Fitness, Inc. Employee Stock Purchase Plan
- Transact other business properly brought forth - NONE





Your answer to a healthy way of life.<sup>SM</sup>



# Business Overview

**Bahram Akradi**

***Founder, Chairman, President and Chief Executive Officer***

## MISSION

Our Mission is to provide an  
**Educational,**  
**Entertaining,**  
**Friendly** and  
**Inviting,**  
**Functional** and **Innovative**  
experience of  
uncompromising quality  
that meets the health and  
fitness needs of the entire  
family.

## VISION

To be a Premier Employer  
by making every team  
member more valuable  
each year while Building  
and Expanding a Macro  
Healthy Way of Life  
Company and Brand that  
is respected and coveted  
by Customers, Vendors  
and Competitors.

## Exercise

- Large sports, fitness and family recreation centers
- Comprehensive service offering
- Strong member focus



## Nutrition

- High quality nutritional products and nutrition coaches



## Education

- *Experience Life* Magazine
- Healthy-way-of-life educational products, seminars & services

Highest possible quality at an exceptional value

## 1994



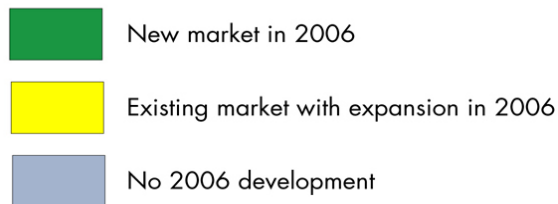
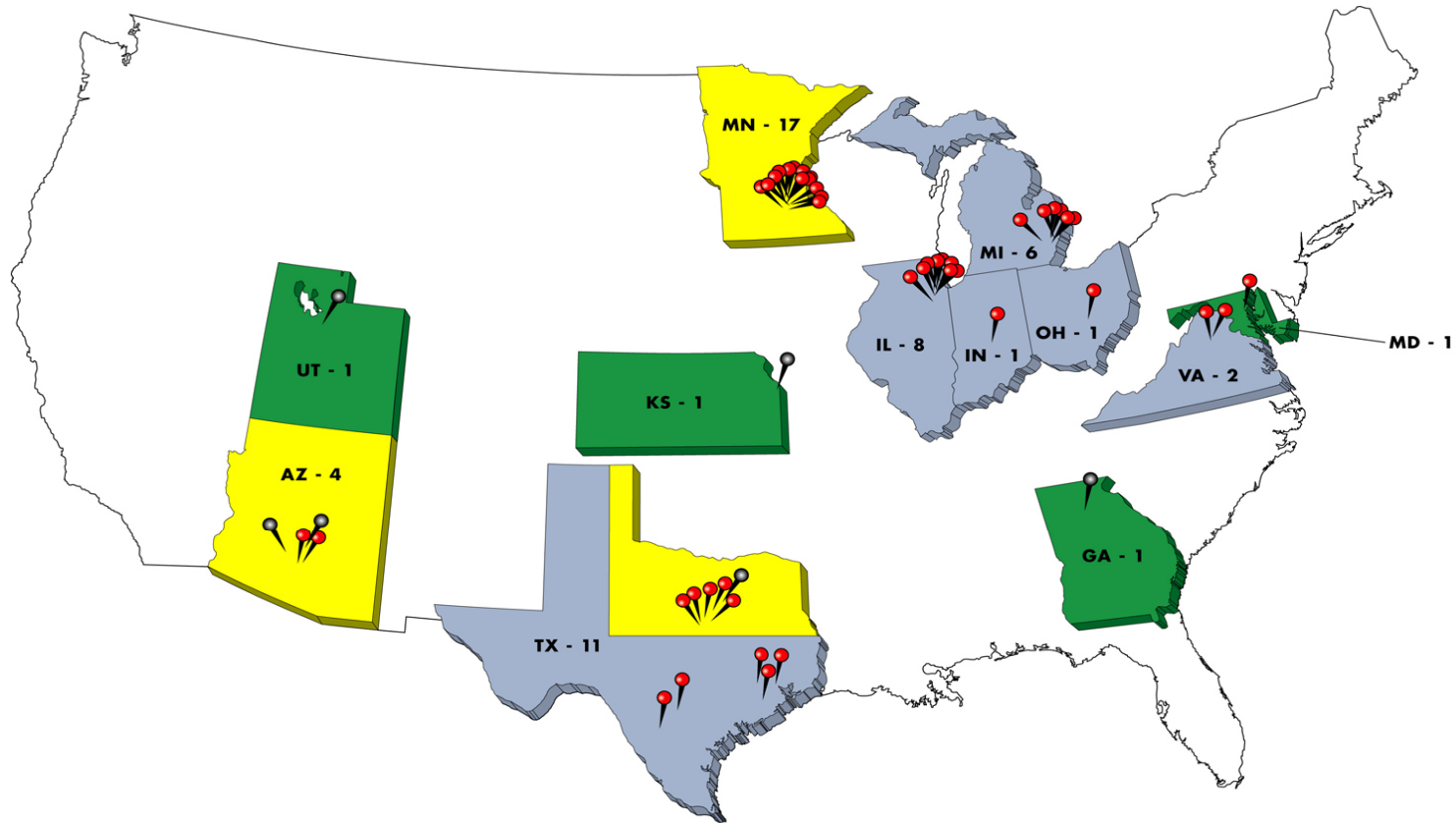
## By 2000 thru today



- First large format center in Eagan, MN
- Approximately 70,000 square feet
- Free-standing building
- Extensive array of product and service offerings
- Initial 8,000 target membership capacity
- Today, this center is at capacity and delivering economic model expectations

- Standardized design of large format center
- Approximately 105,000 square feet
- Expanded free-standing building with outdoor resort-style pools
- Enhanced products and services including family locker rooms, spas and aquatics
- 11,500 target membership capacity
- Same return expectations

# Overview of Center Locations



## Delivering on our growth plans

- Open centers as of May 1, 2006 48
- Remaining planned openings for 2006 6

(Started the year with 46 centers, planned end of year is 54 centers)



# Executive Team is Highly Experienced



- Executive management team has broad and diverse experience
- Deep bench of senior managers helps lead and execute efficiently and support growth
- Leads solid centralized infrastructure and field

Name	Title	Years with Company	Years of Experience	Prior Experience
Bahram Akradi	Founder & Chief Executive Officer	14	25	<ul style="list-style-type: none"> <li>. U.S. Swim &amp; Fitness Corporation</li> <li>. Founder of Industry Leadership Council</li> </ul>
Michael J. Gerend	Executive VP & Chief Operating Officer	3	18	<ul style="list-style-type: none"> <li>. Northwest Airlines</li> <li>. Champion Air</li> </ul>
Michael R. Robinson	Executive VP & Chief Financial Officer	4	23	<ul style="list-style-type: none"> <li>. Honeywell</li> <li>. Next Generation Network</li> </ul>
Mark L. Zaebst	Executive VP, Real Estate & Development	10	19	<ul style="list-style-type: none"> <li>. U.S. Swim &amp; Fitness Corporation</li> <li>. Commercial real estate experience</li> </ul>
Eric J. Buss	Executive VP, General Counsel and Secretary	7	12	<ul style="list-style-type: none"> <li>. Faegre &amp; Benson LLP</li> <li>. Arthur Andersen LLP</li> </ul>





Your answer to a healthy way of life.<sup>SM</sup>



# Financial Overview

**Michael R. Robinson**

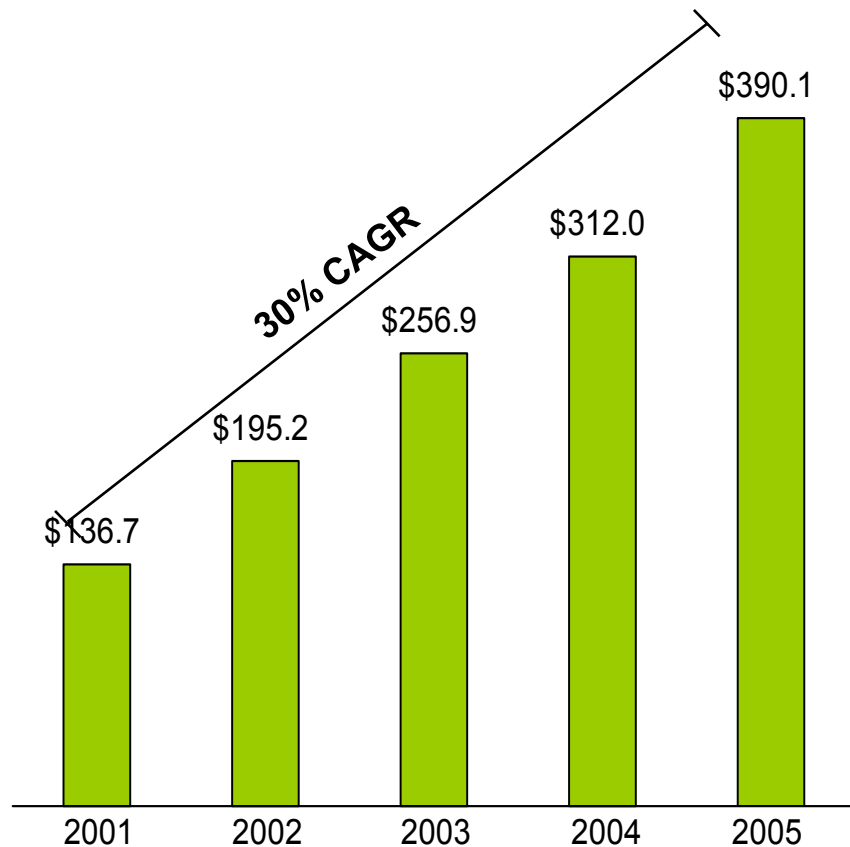
***Executive Vice President and Chief Financial Officer***

# Strong Historical Financial Performance



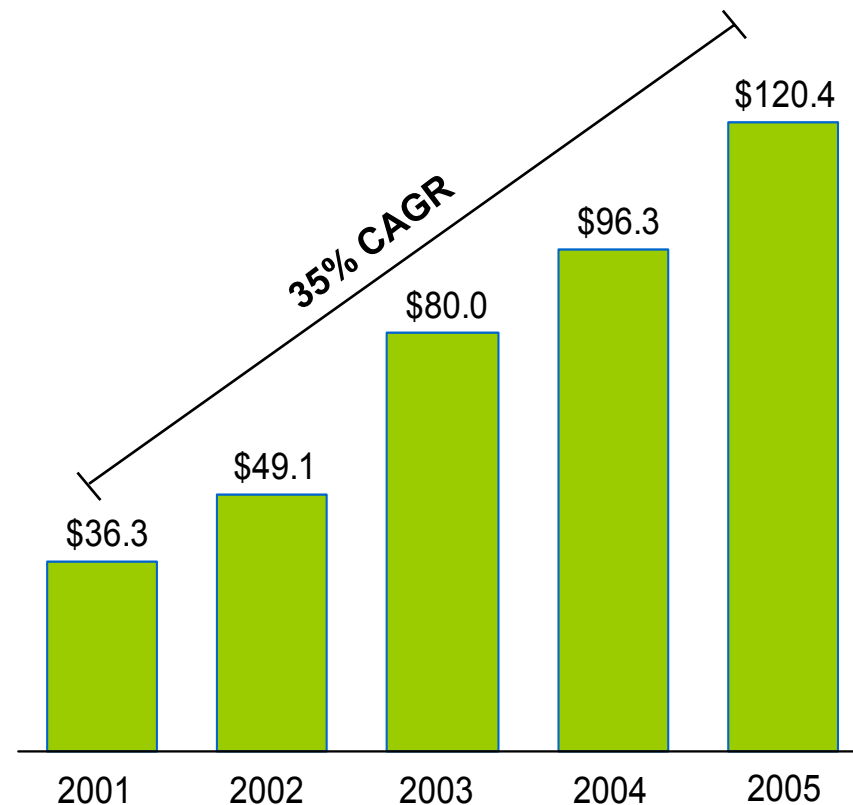
## Total Revenue

(\$ in millions)



## EBITDA

(\$ in millions)



12.4%	22.3%	13.2%	9.7%	7.7%
-------	-------	-------	------	------

Comparable Center Revenue Growth

26.6%	25.2%	31.1%	30.8%	30.9%
-------	-------	-------	-------	-------

EBITDA Margin



# Three Fundamental Growth Strategies

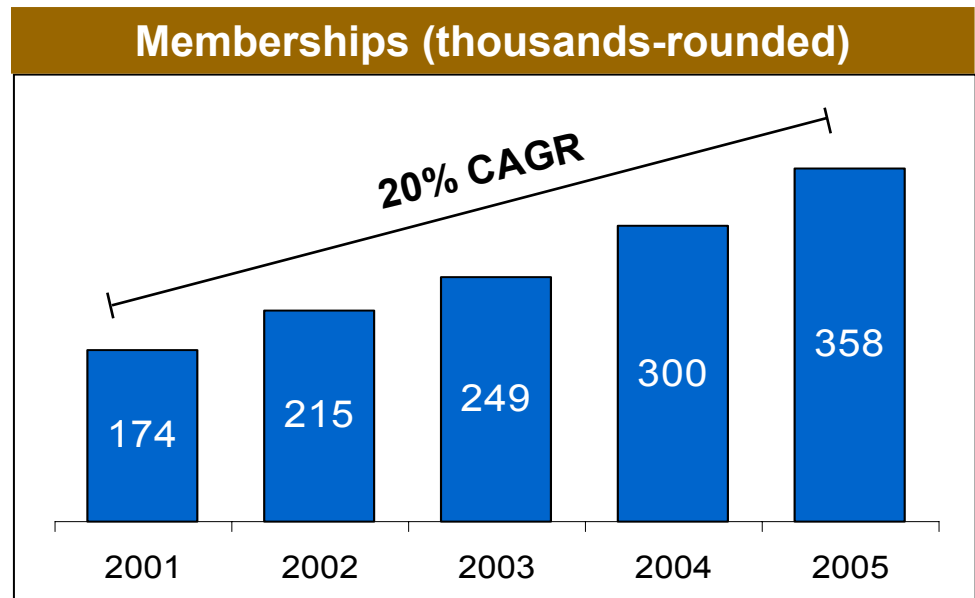
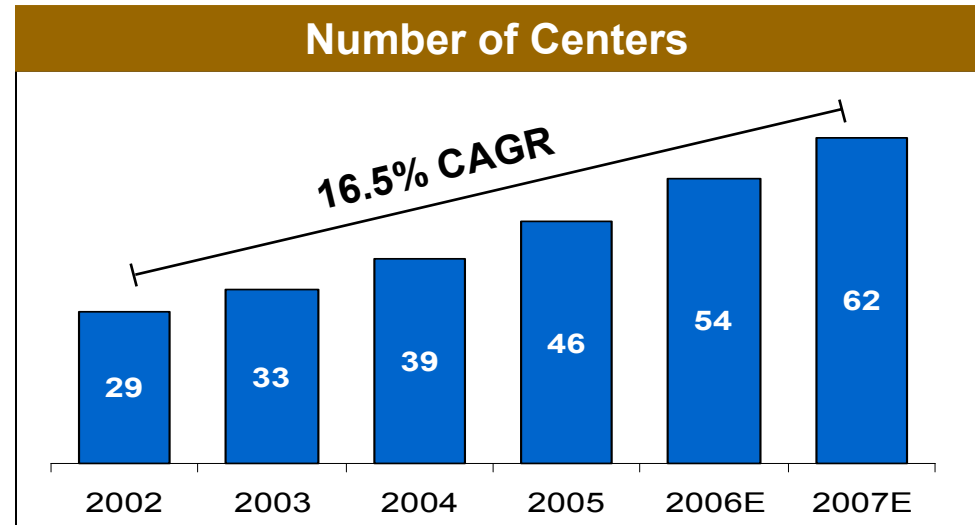


## 1. New Center Growth

- Plan to open 8 centers in 2006.
  - Two centers opened through May 1, including one smaller format.
  - Six current model centers remaining.
- Plan to open 8 current model centers in 2007.
- Potential for over 200 additional current model centers in U.S.
- Expansion plans include both new and existing markets.

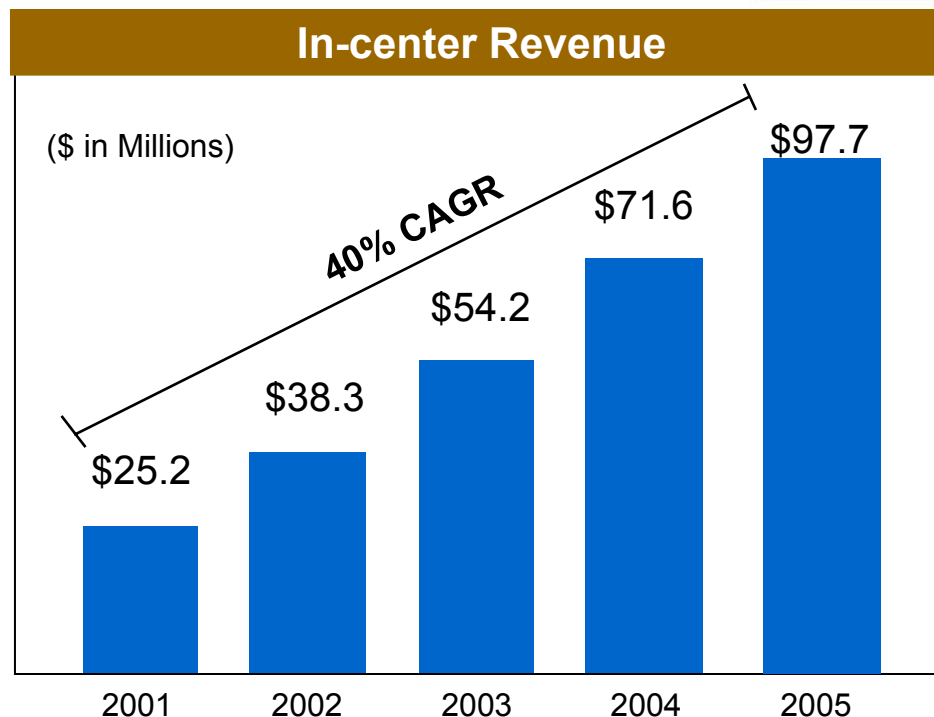
## 2. Optimize Dues Revenue Growth

- Ramp
  - Goal is 90% of targeted center capacity after 3 years of operations.
  - Membership ramp driven by centers in 1<sup>st</sup> and 2<sup>nd</sup> year of operations.
- Pricing
  - Promote value-added memberships (sports, jr.)
  - Position dues rates relative to market and investment



## 3. In-center Revenue Growth

- Introduce new products and services to members
- Enhance product and service usage of existing members
- Deliver operational improvement through consistent application of KPI's and training
- Average in-center revenue per membership was \$300 in 2005, up 12.5% from \$267 in 2004



**Recent In-Center Initiatives**

	2004	2005
Personal Training	Heart rate monitor	O2 program Athletic performance enhancement Advanced training area
Life Café	Menu selection	Marketplace
Life Spa	Aveda concept products	Dominator apparel
Member Activities	Expanded kids camps	Foss Swim School
Other	Tennis	Club Tab



# Consolidated Financial Summary



(\$ in millions)

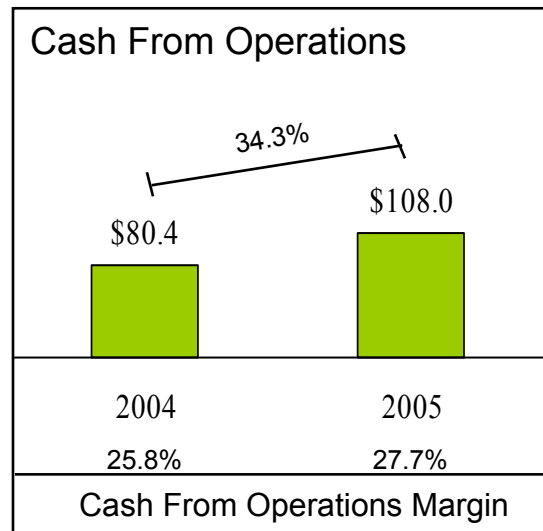
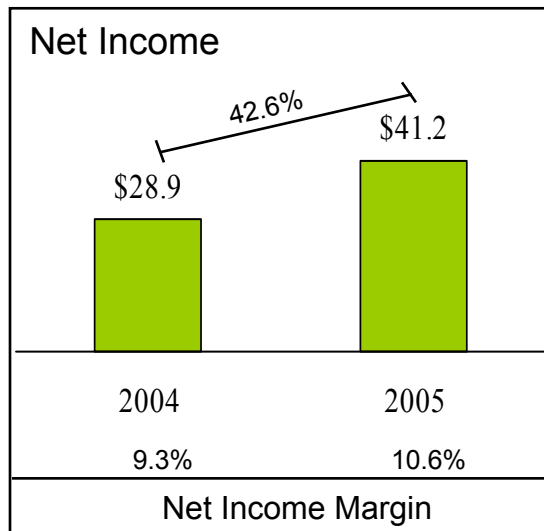
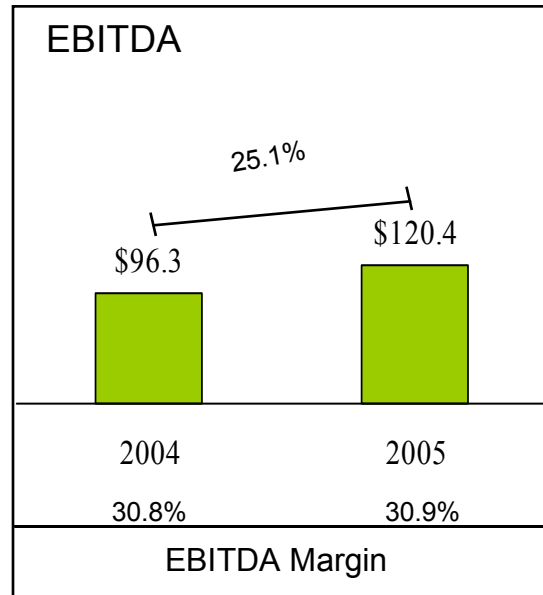
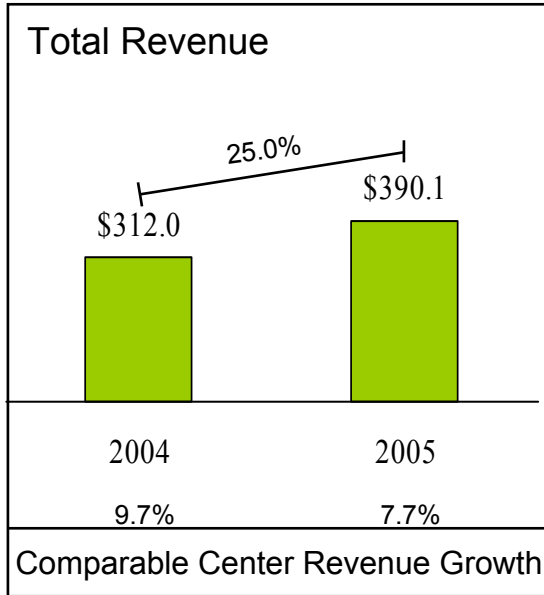
	2003	2004	2005
<b>Statement of Operations Data:</b>			
Membership Dues	\$171.6	\$208.9	\$263.0
Enrollment Fees	19.2	19.6	20.3
In-center Revenue	55.6	71.6	97.7
<b>Total Center Revenue</b>	<b>\$246.4</b>	<b>\$300.1</b>	<b>\$381.0</b>
Other Revenue	10.5	11.9	9.1
<b>Total Revenue</b>	<b>\$256.9</b>	<b>\$312.0</b>	<b>\$390.1</b>
<i>% growth</i>	31.7%	21.4%	25.0%
<b>EBITDA</b>	<b>\$80.0</b>	<b>\$96.3</b>	<b>\$120.4</b>
<i>EBITDA Margin</i>	31.1%	30.8%	30.9%
<b>Operating Income</b>	<b>\$54.0</b>	<b>\$65.6</b>	<b>\$80.9</b>
<i>Pre-Tax Operating Margin</i>	21.0%	21.0%	20.7%
<b>Net Income</b>	<b>\$20.6</b>	<b>\$28.9</b>	<b>\$41.2</b>
<i>Net Income Margin</i>	8.0%	9.3%	10.6%
<i>% growth</i>	177.7%	40.3%	42.6%



# 2005 Fiscal Year Financial Performance



(\$ in millions)



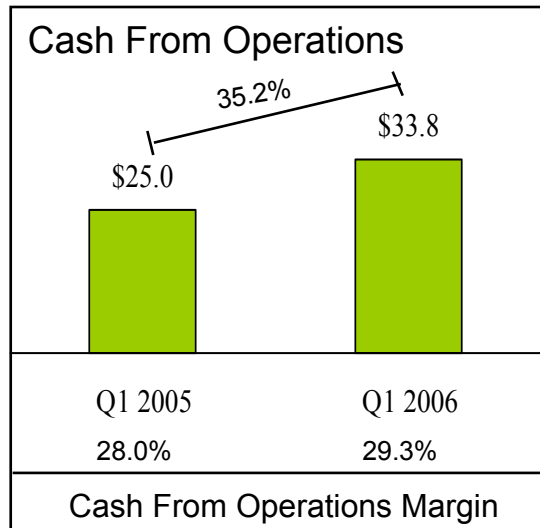
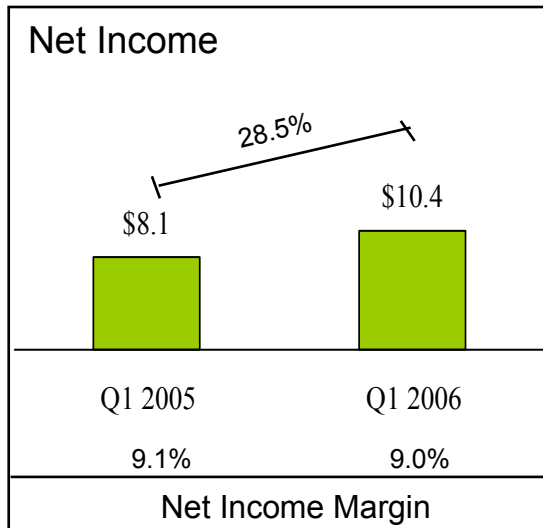
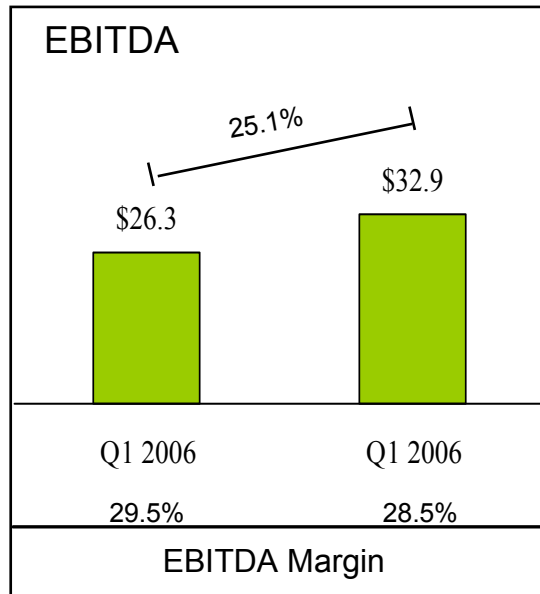
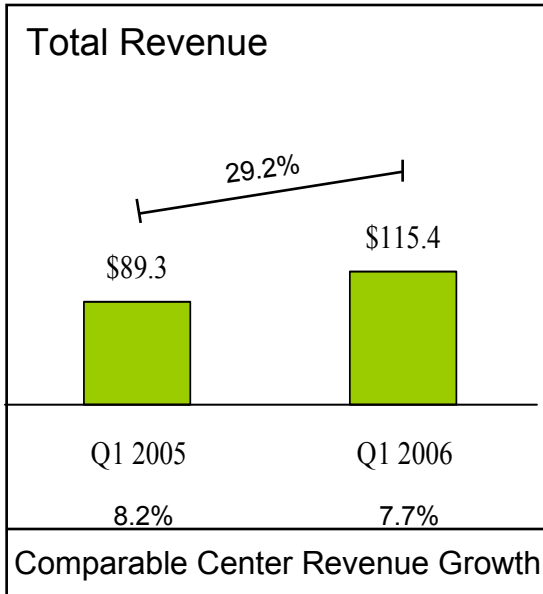
- ## 2005 Highlights
- Opened 7 centers, including 1 acquired center
  - New Café merchandising plan
  - 4 presales kicked off
  - 58,000+ incremental membership base
  - New Personal Training and Group Fitness programs piloted
  - Slight EBITDA margin improvement



# 2006 First Quarter Financial Performance



(\$ in millions)



## 2006 Highlights

- Opened 2 centers:
  - Minnetonka, MN
  - Columbia, MD
- 5 presales kicked off
- 17.9% incremental membership base growth
- New Personal Training and Group Fitness programs piloted
- Expanded revolving credit facility to \$300 million and extended to 2011 (April 2006)





*Your answer to a healthy way of life.<sup>SM</sup>*



# Question and Answer Session

