### Life Time Fitness Announces Third Quarter 2011 Financial Results

### Revenue Grew 11.4%; Diluted EPS was \$0.66 and Non-GAAP Diluted EPS was \$0.67

CHANHASSEN, Minn.--(BUSINESS WIRE)--Life Time Fitness, Inc. (NYSE:LTM), The Healthy Way of Life Company, today reported its financial results for the third quarter ended September 30, 2011.

Revenue for the quarter grew 11.4% to \$265.4 million from \$238.3 million during the same period last year. Net income for the quarter was \$27.0 million, or \$0.66 per diluted share, compared to net income of \$23.4 million, or \$0.57 per diluted share, for 3Q 2010. Non-GAAP net income for the quarter was \$27.6 million, or \$0.67 per diluted share. This non-GAAP net income excluded \$1.0 million (pretax) of non-cash performance share-based compensation expense.

For the nine months ended September 30, 2011, revenue grew 10.7% to \$762.8 million from \$689.2 million during the same period last year. Net income for the first nine months of 2011 was \$72.8 million, or \$1.78 per diluted share, as compared with \$63.1 million, or \$1.55 per diluted share, for the first nine months of 2010. Non-GAAP net income for the first nine months of 2011 was \$74.5 million, or \$1.83 per diluted share. This non-GAAP net income excluded \$2.9 million (pretax) of non-cash performance share-based compensation expense.

"Our third quarter results demonstrate the power of our business model as we focus on helping our customers connect and engage with the programs and services they desire, while helping them set and achieve their personal goals and objectives," said Bahram Akradi, chairman, president and chief executive officer. "I am particularly pleased with the continued growth we're seeing in membership dues and in-center revenue, as well as our same center sales and revenue-per-membership performance. Furthermore, I am very proud of our team members, who continue to differentiate Life Time as The Healthy Way of Life Company and brand that is having a tremendous impact on changing lives positively each and every day."

### Three and Nine Months Ended September 30, 2011, Financial Highlights:

**Total revenue** for the third quarter grew 11.4% to \$265.4 million from \$238.3 million for the prior-year period. Total revenue for the first nine months of 2011 grew 10.7% to \$762.8 million from \$689.2 million during the same period last year.

(Period-over-period change)	3Q 2011 vs. 3Q 2010	YTD 2011 vs. YTD 2010
Membership dues	10.4%	9.5%
Enrollment fees	(27.6%)	(23.1%)
In-center revenue	16.3%	15.4%
Same-center revenue (open 13 months or longer)	4.7%	5.1%
Same-center revenue (open 37 months or longer)	4.1%	4.2%
Average center revenue per membership	\$395 - up 5.9%	\$1,163 - up 4.5%
Average in-center revenue per membership	\$124 - up 10.7%	\$366 - up 9.2%

Memberships grew 4.9% to 653,300 at September 30, 2011, from 622,698 at September 30, 2010.

- Quarterly attrition in 3Q 2011 was 9.0%, down from 9.6% in the prior-year period.
- Attrition for the trailing 12-month period ended September 30, 2011, was 35.3% compared to trailing 12-month attrition of 37.1% at September 30, 2010.

**Total operating expenses** during 3Q 2011 totaled \$215.5 million compared to \$192.7 million for 3Q 2010. Total operating expenses for the first nine months of 2011 were \$626.4 million compared to \$563.0 million in 2010. Excluding the \$1.0 million (pretax) performance share-based compensation expense for 3Q 2011, operating expenses were \$214.6 million. Excluding the \$2.9 million (pretax) of performance share-based compensation expense for the first nine months of 2011, operating expenses were \$623.5 million.

- Operating margin was 18.8% for 3Q 2011 compared to 19.1% in the prior-year period and operating profit increased \$4.3 million.
- Operating margin for the first nine months of 2011 was 17.9% compared to 18.3% in the prior-year period and operating profit increased \$10.2 million.
- Excluding the performance share-based compensation expense, non-GAAP operating margin for 3Q 2011 was 19.2%, up from 19.1% in the prior-year period. Non-GAAP operating margin for the first nine months of 2011 was 18.3%, the same as the prior-year period.

" "Our third quarter results demonstrate the power of our business model as we focus on helping our customers connect and engage with the programs and services they desire, while helping them set and achieve their personal goals and " objectives"

compensation expense in 3Q 2011 and \$0.7 million YTD)

Advertising and marketing	3.4% vs. 2.6%	3.5% vs. 2.7%
General and administrative (includes \$0.7 million of performance share-based	4.7% vs. 4.5%	4.8% vs. 4.7%
compensation expense in 3Q 2011 and \$2.2 million YTD)		
Other operating	3.5% vs. 3.1%	3.1% vs. 2.5%
Depreciation and amortization	9.6% vs. 9.8%	9.7% vs. 10.1%

**Net income** for 3Q 2011 was \$27.0 million, or \$0.66 per diluted share, compared to net income of \$23.4 million, or \$0.57 per diluted share, for 3Q 2010. Net income for the first nine months of 2011 was \$72.8 million, or \$1.78 per diluted share, compared to net income of \$63.1 million, or \$1.55 per diluted share, for the prior-year period.

**Non-GAAP net income** for the quarter, excluding the performance share-based compensation expense, was \$27.6 million, or \$0.67 per diluted share. For the first nine months of 2011, non-GAAP net income, excluding the performance share-based compensation expense, was \$74.5 million, or \$1.83 per diluted share.

**EBITDA** for 3Q 2011 was \$75.6 million compared to \$69.3 million in 3Q 2010. For the first nine months of 2011, EBITDA was \$211.0 million compared to \$196.4 million in the prior-year period.

- As a percentage of total revenue, EBITDA in 3Q 2011 was 28.5% compared to 29.1% in 3Q 2010 and EBITDA increased \$6.3 million.
- As a percentage of total revenue, EBITDA for the first nine months of 2011 was 27.7% compared to 28.5% in the prior-year period and EBITDA increased \$14.6 million.

**Adjusted EBITDA** for the quarter, excluding performance share-based compensation expense, was \$76.5 million. Adjusted EBITDA for the first nine months of 2011, excluding performance share-based compensation expense, was \$213.9 million.

- As a percentage of total revenue, adjusted EBITDA in 3Q 2011 was 28.8%.
- For the first nine months of 2011, adjusted EBITDA was 28.0% of total revenue.

**Cash flows from operating activities** for the first nine months of 2011 totaled \$177.3 million compared to \$146.1 million in the prior-year period.

**Weighted average fully diluted shares** for 3Q 2011 totaled 40.9 million compared to 41.3 million in 3Q 2010. For the first nine months of 2011, weighted average fully diluted shares totaled 40.8 million, the same as in the prior-year period.

### **Updated 2011 Business Outlook:**

The following statements, which incorporate 2011 operating trends and are subject to the risks and uncertainties described below, represent the Company's current expectations for fiscal year 2011:

- **Revenue** is expected to increase approximately 10%, or \$1 billion-1.005 billion (up from 8-10%, or \$985 million to \$1 billion), driven primarily by growth in in-center revenue and corporate businesses, as well as membership dues growth in new and ramping centers.
- **Net income** is expected to increase 16-18%, or \$94.0-95.5 million (updated from 15-18%, or \$93.0-95.0 million), driven by revenue growth and cost efficiencies.
- **Non-GAAP net income** (excluding the impact of performance share-based compensation expense) is expected to be \$96.5-98.0 million (updated from \$95.5-97.5 million).
- **Diluted earnings per common share** is expected to be \$2.29-2.32 (updated from \$2.25-2.30).
- **Non-GAAP diluted earnings per common share** (excluding the impact of performance share-based compensation expense) is expected to be \$2.35-2.38 (updated from \$2.31-2.36).

As announced on October 13, 2011, the Company will hold a conference call today at 10:00 a.m. ET to discuss third quarter 2011 results. Bahram Akradi, Michael Robinson, executive vice president and chief financial officer, and John Heller, senior director, investor relations & treasurer, will host the conference call. The conference call will be webcast and may be accessed via the Company's Investor Relations section of its website at lifetimefitness.com. A replay of the call will be available the same day via the Company's website beginning at approximately 1:00 p.m. ET.

### About Life Time Fitness, Inc.

As The Healthy Way of Life Company, Life Time Fitness (NYSE:LTM) helps organizations, communities and individuals achieve their total health objectives, athletic aspirations and fitness goals by engaging in their areas of interest – or discovering new passions – both inside and outside of Life Time's distinctive and large sports, professional fitness, family recreation and spa destinations, most of which operate 24 hours a day, seven days a week. The Company's Healthy Way of Life approach enables customers to achieve this by providing the best programs, people and places of uncompromising quality and value. As of October 20, 2011, the Company operated 92 centers under the LIFE TIME FITNESS® and LIFE TIME ATHLETIC<sup>SM</sup> brands primarily in suburban locations in 21 states and 26 major markets. Additional information about Life Time centers, programs and services is available at lifetimefitness.com.

### **Forward-Looking Statements**

Certain information contained in this press release may be deemed to constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties that could cause the Company's actual results in the future to differ materially from its historical results and those presently anticipated or projected. Among these factors are attracting and retaining members, risks related to our debt levels and debt covenants, our ability to access existing credit facilities and obtain additional financing, strains on our business from continued and future growth, including potential

acquisitions and other strategic initiatives, risks related to maintenance and security of our data, competition from other health and fitness centers, identifying and acquiring suitable sites for new centers, delays in opening new centers and other factors set forth in the Company's filings with the Securities and Exchange Commission. Diluted earnings per common share could also be affected by the number of shares outstanding, which depends on factors such as the number of shares issued upon exercise of stock options and future grants of awards pursuant to equity-based incentive plans as well as stock offerings and repurchases. The Company's expectations for fiscal year 2011 exclude any additional unusual items that might occur during the fiscal year, such as litigation matters or the potential recognition of additional performance share-based compensation expense related to other 2011 and 2012 performance measures in connection with the June 2009 performance share-based restricted stock grants. While the Company has determined that 2011 diluted earnings per common share performance criteria required for vesting of 50% of the stock is probable and anticipates recognizing additional performance share-based compensation expense in 2011, the Company may not be able to meet those criteria due to risks and uncertainties, including those factors described above.

The Company cautions investors not to place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update such statement to reflect events or circumstances arising after such date. All remarks made during the Company's financial results conference call will be current at the time of the call and the Company undertakes no obligation to update the replay.

### LIFE TIME FITNESS, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (In thousands)

	Se	ptember 30, 2011	December 31, 2010			
	(	Unaudited)				
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$	12,433	\$	12,227		
Accounts receivable, net		6,347		5,806		
Center operating supplies and inventories		20,525		17,281		
Prepaid expenses and other current assets		18,741		13,318		
Deferred membership origination costs		12,895		14,728		
Deferred income taxes		4,606		3,628		
Income tax receivable		-		9,916		
Total current assets		75,547		76,904		
PROPERTY AND EQUIPMENT, net		1,614,071		1,570,234		
RESTRICTED CASH		824		2,572		
DEFERRED MEMBERSHIP ORIGINATION COSTS		8,361		7,251		
GOODWILL		13,322		13,322		
OTHER ASSETS		59,202		48,197		
TOTAL ASSETS	\$	1,771,327	\$	1,718,480		
		_				
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES:						
Current maturities of long-term debt	\$	5,047	\$	7,265		
Accounts payable		19,059		18,913		
Construction accounts payable		23,165		24,342		
Accrued expenses		61,116		50,802		
Deferred revenue		32,565		32,095		
Total current liabilities		140,952		133,417		
LONG-TERM DEBT, net of current portion		559,640		605,279		
DEFERRED RENT LIABILITY		34,438		32,187		
DEFERRED INCOME TAXES		92,377		89,839		
DEFERRED REVENUE		8,452		7,279		
OTHER LIABILITIES		9,862		9,901		
Total liabilities		845,721		877,902		
SHAREHOLDERS' EQUITY:	_		_	<u> </u>		
Common stock		847		839		
Additional paid-in capital		429,500		414,922		
Retained earnings		497,561		424,787		
Accumulated other comprehensive (loss) income		(2,302)		30		
Total shareholders' equity		925,606		840,578		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$	1,771,327	\$	1,718,480		
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LIFE TIME FITNESS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands except per share data)
(Unaudited)

	Foi	r the Three Septer			Fo	r the Nine Septen		ths Ended
		2011	2010		2011		2010	
REVENUE:								
Membership dues	\$	171,504	\$	155,288	\$	496,530	\$	453,332
Enrollment fees		4,403		6,078		14,290		18,577
In-center revenue		80,741		69,453		234,729		203,442
Total center revenue		256,648		230,819		745,549		675,351
Other revenue		8,773		7,493		17,211		13,820
Total revenue		265,421		238,312		762,760		689,171
OPERATING EXPENSES:								
Center operations		159,307		145,205		465,513		424,940
Advertising and marketing		8,940		6,265		26,500		18,940
General and administrative		12,544		10,563		37,307		32,606
Other operating		9,392		7,289		23,397		17,146
Depreciation and amortization		25,358		23,402		73,645		69,385
Total operating expenses		215,541		192,724		626,362		563,017
Income from operations		49,880		45,588		136,398		126,154
OTHER INCOME (EXPENSE):								
Interest expense, net		(5,072)		(6,792)		(15,273)		(21,806)
Equity in earnings of affiliate		346		302		973		906
Total other income (expense)		(4,726)		(6,490)		(14,300)		(20,900)
INCOME BEFORE INCOME TAXES		45,154		39,098		122,098		105,254
PROVISION FOR INCOME TAXES		18,163		15,720		49,324		42,156
NET INCOME	\$	26,991	\$	23,378	\$	72,774	\$	63,098
BASIC EARNINGS PER COMMON SHARE	\$	0.67	\$	0.59	\$	1.81	\$	1.59
DILUTED EARNINGS PER COMMON SHARE	\$	0.66	\$	0.57	\$	1.78	\$	1.55
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC		40,421		39,932		40,313		39,597
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - DILUTED		40,868		41,260		40,810		40,783

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

	For	the Nine	Mon	ths Ended
		Septem	ıber	30,
		2011		2010
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$	72,774	\$	63,098
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		73,645		69,385
Deferred income taxes		2,212		(1,100)
Loss on disposal of property and equipment, net		687		979
Gain on sale of land held for sale		-		(527)
Amortization of deferred financing costs		1,784		2,024
Share-based compensation		9,913		5,412
Excess tax benefit related to share-based payment arrangements		(2,904)		(1,697)
Changes in operating assets and liabilities		20,033		8,930
Other		(822)		(357)
Net cash provided by operating activities		177,322		146,147
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property and equipment		(122,149)		(86,132)
Acquisitions, net of cash acquired		(7,293)		(14,378)
Proceeds from sale of property and equipment		734		721
Proceeds from sale of land held for sale		-		1,019
Proceeds from property insurance settlement		94		-
Increase in other assets		(17)		(578)
Decrease in restricted cash		1,748		889
Net cash used in investing activities		(126,883)		(98,459)

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayments of long-term borrowings	(77,783)	(38,067)
Proceeds from revolving credit facility, net	27,800	12,500
Increase in deferred financing costs	(4,395)	(258)
Excess tax benefit related to share-based payment arrangements	2,904	1,697
Proceeds from stock option exercises	1,480	3,660
Proceeds from employee stock purchase plan	874	-
Stock purchased for employee stock purchase plan	(1,113)	-
Net cash used in financing activities	(50,233)	(20,468)
INCREASE IN CASH AND CASH EQUIVALENTS	206	27,220
CASH AND CASH EQUIVALENTS - Beginning of period	12,227	6,282
CASH AND CASH EQUIVALENTS - End of period	\$ 12,433	\$ 33,502

### **Non-GAAP Financial Measures**

This release and the related conference call disclose certain non-GAAP financial measures.

**EBITDA and Adjusted EBITDA.** Earnings Before Interest, Income Taxes and Depreciation and Amortization (EBITDA) is a non-GAAP disclosure consisting of net income plus interest expense, net, provision for income taxes and depreciation and amortization. This term, as the Company defines it, may not be comparable to a similarly titled measure used by other companies and is not a measure of performance presented in accordance with GAAP. The Company uses EBITDA as a measure of operating performance. The funds depicted by EBITDA are not necessarily available for discretionary use if they are reserved for particular capital purposes, to maintain compliance with debt covenants, to service debt or to pay taxes. EBITDA should not be considered as a substitute for net income, net cash provided by operating activities or other income or cash flow data prepared in accordance with GAAP. Additional details related to EBITDA are provided in the Form 8-K that the Company filed with the Securities and Exchange Commission on the date of this press release.

In 4Q 2010, the Company determined that achieving a 2011 diluted earnings per common share performance criteria required for the vesting of 50% of performance share-based restricted stock granted in June 2009 was probable. As a result, the Company recognized a performance share-based compensation expense of \$1.0 million (pretax) in 3Q 2011 and \$2.9 million (pretax) in the first nine months of 2011. Adjusted EBITDA is the Company's EBITDA excluding the above compensation expense.

Additional details related to EBITDA and Adjusted EBITDA are provided in the Form 8-K that the Company filed with the Securities and Exchange Commission on the date of this press release.

The following table provides a reconciliation of net income, the most directly comparable GAAP measure, to EBITDA and Adjusted EBITDA:

## RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA (In thousands) (Unaudited)

### For the Three Months Ended For the Nine Months Ended

		Septem	ber	· 30,	September 30,				
	2011			2010	.0 2011			2010	
Net income	\$	26,991	\$	23,378	\$	72,774	\$	63,098	
Interest expense, net		5,072		6,792		15,273		21,806	
Provision for income taxes		18,163		15,720		49,324		42,156	
Depreciation and amortization		25,358		23,402		73,645		69,385	
EBITDA	\$	75,584	\$	69,292	\$	211,016	\$	196,445	
Performance share-based compensation expense (pretax)		959		-		2,878		-	
Adjusted EBITDA	\$	76,543	\$	69,292	\$	213,894	\$	196,445	

**Free Cash Flow.** Free cash flow is a non-GAAP measure consisting of net cash provided by operating activities, less purchases of property and equipment. This term, as the Company defines it, may not be comparable to a similarly titled measure used by other companies and does not represent the total increase or decrease in the cash balance presented in accordance with GAAP. The Company uses free cash flow as a measure of cash generated after spending on property and equipment. Free cash flow should not be considered as a substitute for net cash provided by operating activities prepared in accordance with GAAP. Additional details related to free cash flow are provided in the Form 8-K that the Company filed with the Securities and Exchange Commission on the date of this press release.

The following table provides a reconciliation of net cash provided by operating activities, the most directly comparable GAAP measure, to free cash flow:

		For the Thi End		Months		For the Nin	ne Months ded			
	September 30,						September 30,			
		2011		2010		2011		2010		
Net cash provided by operating activities	\$	58,811	\$	45,439	\$	177,322	\$	146,147		
Less: Purchases of property and equipment		(39,126)		(37,968)		(122,149)		(86,132)		
Free cash flow	\$	19,685	\$	7,471	\$	55,173	\$	60,015		

Additional Non-GAAP Financial Measures. In 4Q 2010, the Company determined that achieving a 2011 diluted earnings per common share performance criteria required for the vesting of 50% of performance-based restricted stock granted in June 2009 was probable. As a result, the Company recognized a performance share-based compensation expense of \$1.0 million (pretax) in 3Q 2011 and \$2.9 million (pretax) in the first nine months of 2011. The Company believes that in order to properly understand its short-term and long-term financial trends from operations, investors may find it useful to exclude the impact of this expense from net income, diluted earnings per common share, income from operations and operating expenses. The resulting non-GAAP financial measures may also provide useful information to investors regarding the underlying business trends and performance of the Company's ongoing operations and may be useful for period over period comparisons of such operations. Each of the tables below reconciles these non-GAAP financial measures to the most directly comparable GAAP financial measures.

Non-GAAP Net Income. Non-GAAP net income is a non-GAAP financial measure consisting of net income excluding the performance share-based compensation expense recognized in the third guarter and first nine months of 2011. The following table provides a reconciliation of net income, the most directly comparable GAAP measure, to non-GAAP net income.

### RECONCILIATION OF CONSOLIDATED NET INCOME TO CONSOLIDATED NON-GAAP NET INCOME (In thousands)

(Unaudited)

	For	For the Three Months Ended For the Nine Mon											
		Septem	ıber 30,										
	2011			2010	2011			2010					
Net income	\$	26,991	\$	23,378	\$	72,774	\$	63,098					
Performance share-based compensation expense		573		-		1,715		-					
Non-GAAP net income	\$	27,564	\$	23,378	\$	74,489	\$	63,098					

Non-GAAP Diluted Earnings Per Common Share. Non-GAAP diluted earnings per common share is a non-GAAP financial measure consisting of diluted earnings per common share excluding the per common share impact of the performance share-based compensation expense recognized in the third quarter and first nine months of 2011. The following table provides a reconciliation of diluted earnings per common share, the most directly comparable GAAP measure, to non-GAAP diluted earnings per common share.

### RECONCILIATION OF CONSOLIDATED DILUTED EARNINGS PER COMMON SHARE TO CONSOLIDATED NON-GAAP DILUTED EARNINGS PER COMMON SHARE (Unaudited)

#### For the Three Months Ended For the Nine Months Ended September 30, September 30, 2011 2010 2011 2010 Diluted earnings per common share 0.66 0.57 1.78 1.55 Performance share-based compensation expense 0.01 0.04 Non-GAAP diluted earnings per common share 0.67 1.83\* \$ 0.57 1.55

Non-GAAP Income from Operations. Non-GAAP income from operations (non-GAAP operating margin) is a non-GAAP financial measure consisting of income from operations excluding the performance share-based compensation expense recognized in the third quarter and first nine months of 2011. The following table provides a reconciliation of income from operations, the most directly comparable GAAP measure, to non-GAAP income from operations.

### RECONCILIATION OF CONSOLIDATED INCOME FROM OPERATIONS TO CONSOLIDATED NON-GAAP INCOME FROM OPERATIONS (In thousands, except percentages) (Unaudited)

	Septe	mber	30,		Septe	nber 30,					
	2011		2010 2011				2010				
\$	49,880	\$	45,588	\$	136,398	\$	126,154				
	959		-		2,878		-				

For the Three Months Ended For the Nine Months Ended

Income from operations	
Performance share-based of	compensation expense (pretax)

<sup>\*</sup>rounding (\$1.783 + \$0.042 = \$1.825)

Non-GAAP income from operations	\$ 50,839	\$ 45,588	\$ 139,276	\$ 126,154
Income from operations as a percentage of total revenue	18.8%	19.1%	17.9%	18.3%
Performance share-based compensation expense (pretax) as a percentage of	0.4%	0.0%	0.4%	0.0%
total revenue				
Non-GAAP income from operations as a percentage of total revenue	19.2%	19.1%	18.3%	18.3%

**Non-GAAP Operating Expenses**. Non-GAAP operating expenses is a non-GAAP financial measure consisting of operating expenses excluding the performance share-based compensation expense recognized in the third quarter and first nine months of 2011. The following table provides a reconciliation of operating expenses, the most directly comparable GAAP measure, to non-GAAP operating expenses.

## RECONCILIATION OF CONSOLIDATED OPERATING EXPENSES TO CONSOLIDATED NON-GAAP OPERATING EXPENSES (In thousands) (Unaudited)

(Unaudited)

For the Three Months Ended For the Nine Months Ended

September 30

September 30

	September 50,		September 50,			30,	
		2011	2010		2011		2010
Operating expenses	\$	215,541	\$ 192,724	\$	626,362	\$	563,017
Less: Performance share-based compensation expense (pretax)		(959)	-		(2,878)		-
Non-GAAP operating expenses	\$	214,582	\$ 192,724	\$	623,484	\$	563,017

**Reconciliation of 2011 Business Outlook** In 4Q 2010, the Company determined that achieving a 2011 diluted earnings per common share performance criteria required for the vesting of 50% of performance-based restricted stock granted in June 2009 was probable. As a result, the Company anticipates recognizing approximately \$4.0 million (pretax) of performance share-based compensation expense in 2011 relating to the June 2009 grants. The Company believes that in order to properly understand its short-term and long-term financial trends from operations, investors may find it useful to exclude the impact of this expense from the Company's 2011 business outlook. The resulting non-GAAP financial measures may also provide useful information to investors regarding the underlying business trends and performance of the Company's ongoing operations and may be useful for period-over-period comparisons of such operations.

As a consequence, the Company's 2011 business outlook included a non-GAAP net income range, which excludes the anticipated recognition of approximately \$4.0 million (pretax) of performance share-based compensation expense. The following table provides a reconciliation of the Company's anticipated range of 2011 net income to the non-GAAP net income range.

## RECONCILIATION OF 2011 BUSINESS OUTLOOK RELATED TO CONSOLIDATED NET INCOME RANGE TO CONSOLIDATED NON-GAAP NET INCOME RANGE (In millions)

	For the Year Ended December 31, 2011			
	Low		High	
Net income	\$	94.0	\$	95.5
Performance share-based compensation expense		2.5		2.5
Non-GAAP net income	\$	96.5	\$	98.0

Similarly, the Company's 2011 business outlook also included a non-GAAP diluted earnings per common share range, which excludes the per common share impact of the anticipated recognition of approximately \$4.0 million (pretax) of performance share-based compensation expense. The following table provides a reconciliation of the Company's anticipated range of 2011 diluted earnings per common share to the non-GAAP diluted earnings per common share range.

## RECONCILIATION OF 2011 BUSINESS OUTLOOK RELATED TO CONSOLIDATED DILUTED EARNINGS PER COMMON SHARE RANGE TO CONSOLIDATED NON-GAAP DILUTED EARNINGS PER COMMON SHARE RANGE

For the Year E	nded
December 31,	2011

Diluted earnings per common share	
Performance share-based compensation expense	
Non-GAAP diluted earnings per common share	

	ecember	JI, 2011			
	Low		High		
\$	2.29	\$	2.32		
	0.06		0.06		
\$	2.35	\$	2.38		

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