

By Pamela Kufani, editor

Our annual Top 100 club list includes new and old companies staking their claim in the fitness industry.



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Health and Fitness Listing in
the Top 100: Peak Performers.**

Most people would probably shout from the mountain top when they finally reach the pinnacle. However, in the fitness industry, shouting about your achievements isn't necessarily to everyone's liking.

Take, for instance, this year's top-ranking club company, 24 Hour Fitness, San Ramon, CA. It has ranked No. 1 on our annual Top 100 clubs list for several years. However, this year, 24 Hour Fitness submitted a Top 100 form that simply stated its revenue as more than \$1 billion. Because we could not get an exact number from the company, we had to estimate its 2007 revenue. Based on the form the company submitted last year, the percentage of revenue increase the company expected in 2007 and the reported struggles that 24 Hour Fitness had reaching its revenue goals, we estimated the company's 2007 revenue at \$1.3 billion compared to \$1.211 billion in 2006 revenue.

24 Hour Fitness began moves into new markets last year, and since the beginning of this year, it has seen an exodus of a number of its top-level executives, most notably, its founder, Mark Mastrov. But the effects of those departures will be better measured in next year's Top 100 list.

An even tougher company to crack this year was Bally Total Fitness, Chicago, which fell to No. 4 on our list. Few people would say that Bally had a peak year in 2007. Bally's tumultuous year turned into silence after the company filed for bankruptcy in July 2007, then re-emerged two months later as a private company — and still a relatively silent company. Repeated calls to the company for 2007 revenue were not returned, but we could not leave Bally off the list. For last year's Top 100 list, the company reported \$1.059 billion in 2006 revenue. Considering the company has sold or closed about 50 clubs since 2006, we lowered its revenue to an estimated \$650 million for 2007.

Partly because of Bally's drop in revenue, Club Corp. jumped to No. 2 on our list this year (up from No. 5 last year). Club Corp. is a bit of a different animal in the fitness industry as it comprises more than just fitness clubs. The company also owns and manages golf and country clubs with and without fitness amenities. For this reason, it is difficult for the company to divide out strictly fitness-related revenue. The \$903 million in revenue that the company reported for 2007 is much higher than the \$320 million it reported for 2006. Last year, the company reported it had 80 facilities (20 multipurpose and 60 golf/country clubs) with fitness in them. This year, it is reporting that it has 109 (15 multipurpose, two hotel/resort/spas and 95 golf/country clubs), hence, the increase in revenue.

The downward move by Bally and upward move by Club Corp. kept Life Time Fitness, Chanhassen, MN, at No. 3, even though the company increased its revenue to \$656 million in 2007 from \$512 million in 2006. Some of the revenue growth came from increases in the company's personal training business, heart rate monitor sales and the company's café business, Michael Robinson, executive vice president and CFO, said in a call with analysts this past February.

One of the other public companies on the Top 100 list, Town Sports International, New York, also had revenue growth in 2007. Its \$473 million in 2007 compared to \$433 million in 2006 brought it into the No. 5 spot on the list. The growth occurred during a year in which the company's CEO, Bob Giardina, resigned for health reasons. Two other top-level executives resigned early this year. The company opened 15 new clubs in 2007.

In addition to these top five performers, the rest of the top 10 consists of Powerhouse Gyms International, Farmington Hills, MI (No. 6 with \$283 million); Crunch, New York (No. 7 with \$133 million); Millennium Partners Sports Club Management LLC, Boston (No. 8 with \$110 million); Western Athletic Clubs, San Francisco (No. 9 with \$97.4 million); and Xsport Fitness, Big Rock, IL (No. 10 with \$96 million).

A couple of club companies fell several spots this year. The Columbia Association fell from No. 39 last year at \$23.5 million to No. 60 this year at \$13.5 million. The Columbia Association is a private community service corporation providing recreational, cultural and community-based facilities, programs and services to the Columbia, MD, area. That includes three large multipurpose family-oriented fitness facilities, three racquet clubs and two golf/country clubs, plus an indoor swim center, 23 outdoor swim clubs, one ice rink, one family fun center and one equestrian center. According to the company, the 2006 revenue reported last year included revenue from more than just its fitness-only facilities while the 2007 number includes revenue from just fitness facilities. If revenue from all its facilities was counted, the 2007 revenue was \$23 million.

American Leisure, Nanuet, NY, also fell from No. 42 last year to a tie for No. 84 this year with a revenue of \$7.5 million. However, the drop was due to the fact that in previous years, the company had reported revenue from clubs it managed rather than just the management fees collected from those companies. This year, the 2007 revenue includes just the management fees.

A notable change on the list is that Royce Pulliam's Global Fitness Holdings company appears this year as Urban Active, Lexington, KY, rather than as a Gold's Gym franchisee as it had appeared in the past. Pulliam split from Gold's Gym last year to form Urban Active, which ranks No. 20 with \$60 million.

This year, several new club companies joined the list. Until almost two years ago, Latitude Sports Clubs (John Grossi and Spellman Inc./Jorada Inc./Grossi & DeNisco Inc.), Salisbury, MA, was a Gold's Gym franchise, but now Grossi is out from under Gold's and on his own. The club company ranks No. 74 at \$10.2 million.

Also new to the list this year are several franchisors: Powerhouse Gyms International, noted previously at

No. 6; Planet Fitness, Dover, NH (No. 24 with \$48 million); and key-card clubs Snap Fitness, Chanhassen, MN (tied for No. 51 with \$18 million); and Anytime Fitness, Hastings, MN (tied for No. 61 with \$13 million). All of the franchisors, except Snap Fitness, are reporting revenue from their corporate-owned facilities plus franchising fees but not revenue from their franchisee facilities. Snap Fitness is reporting franchisor fees collected but not revenue from corporate-owned facilities.

New, too, are PH Fitness Inc. dba Fitness First, Frederick, MD (No. 41 with \$27 million); Fitness Edge, Fairfield, CT (tied for No. 51 with \$18 million); The Gym Holdings LLC, Armonk, NY (No. 65 with \$11.7 million); Riley's Health and Fitness Centers Inc. dba Little Rock Athletic Club, Little Rock, AR (No. 69 with \$11.2 million); Eastern Athletic Clubs LLC dba Hockessin Athletic Club, Hockessin, DE (tied for No. 94 with \$6.3 million); and Universal Athletic Club Inc., Lancaster, PA (tied for No. 99 with \$5.7 million).

PlusOne, New York, also submitted a form for the first time in several years. The company, which manages corporate wellness facilities, took over management of the four fitness centers at Google's headquarters last year, which may be what helped PlusOne increase revenue by 38 percent to \$33.7 million (revenue is for fiscal year ending Sept. 30, 2007). The company ranks No. 31 on the list.

Missing from the list this year is Pro-Club Management LLC (Will Power Fitness LLC), which had been on the list since 1996. Will Estell, owner, sold his clubs last year to several buyers but retained the name Pro-Club Management.

The list also is missing several companies that undoubtedly belong in the Top 100, but for various reasons, the club owners have declined to provide revenue. Those noteworthy companies are listed in the sidebars on this page.

Regardless of these missing companies, the list is a snapshot of some of the larger health club companies in the industry and how they performed financially in 2007. Many of these companies are still reaching upwards in the hope that next year's list will show how far their climb has taken them.

Rules: *The rankings are based strictly on revenue, not on how well managed, equipped, staffed or programmed these club companies are. All rankings are based on 2007 revenue, self reported by the companies or estimated where noted. The revenues included are for owned or leased clubs plus only the management fees from managed clubs. The total revenues received by franchised or managed clubs are excluded. If a person or company has a partial ownership interest in a club, there is no adjustment, so the total revenues of that club are included in that company's overall total.*

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Peak Performers

RANK	COMPANY	REVENUE (MILLIONS) ¹	REV CHANGE	# SITES ²	# STATES OPERATING IN	FOUNDED	# EMPLOYEES	# OPEN/ACQUIRE ³	PROFILE
80	HealthQuest of Central Jersey LLC, Flemington, NJ (908) 782-4009	8.5	N/A	1 (O)	1 (NJ)	2000	275	0	Multipurpose family facility with core programs of martial arts, gymnastics, pools and more than 150 group fitness classes each week.
	Bodyworks Family Sports Center, Lubbock, TX (806) 799-4040	8.5	10%	5 (O)	1 (TX)	1992	275	1 (N) 1 (A)	A regional chain of health and fitness clubs focused on family friendly clubs and women-only fitness.
82	TriHealth Fitness & Health Pavillion, Cincinnati, OH (513) 985-6701	7.7	-8%	1 (O)	1 (OH)	1997	175	N/A	Medically based wellness center with an emphasis on prevention, rehabilitation, integrative medicine and medical spa services.
	Liebenow and Torok Inc. dba L&T Health and Fitness, Falls Church, VA (703) 204-1355	7.7	-4%	41 (M)	10	1984	283	5 (N) 3 (A)	Health and fitness management company providing center operation, health promotion programming/delivery and instructor training courses.
84	American Leisure Corp., Nanuet, NY (845) 638-2201	7.5	8%	68 (M)	3 (NY, NJ, FL)	1967	725	8 (N)	Provides management and consulting services to the fitness, spa, recreation and lifestyle industries.
	Spearman Clubs Inc., Laguna Niguel, CA (949) 496-2070	7.5	5%	4 (O)	1 (CA)	1970	200	N/A	Multipurpose facility.
86	Tilton Fitness, Linwood, NJ (609) 601-1132	7.4	2%	4 (O)	1 (NJ)	1980	280	1 (N) 1 (A)	Management company that develops, owns and operates commercial and hospital-affiliated clubs.

KEY: 1. Increases may reflect revenue growth through acquisitions of new club openings. * = Estimate made based on company-provided growth estimate for 2007. ** = Numbers based on a legal document the company put out in early 2007 with estimates for 2007. + = Revenue is for fiscal year ending Sept. 30, 2007. 2. (O) = Owned. (M) = Managed. (L) = Leased. (Li) = Licensed. (F) = Franchised. 3. Numbers are for 2007. (N) = New. (A) = Acquire. N/A = None given.