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## Life Time Fitness Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions). And our first question will come from the line of Scott Hamann with KeyBanc Capital. Please proceed.

#### Scott Hamann - KeyBanc Capital Markets

Good morning. On the subject of attrition, can you just talk about maybe what your expectations are embedded in your guidance for the rest of 2009? And then kind of walk me through what specifically you're doing to address that situation.

#### Michael Robinson

Sure, I'll cover the first part of that Scott and then I'll let Bahram talk about some of the things that we are doing. Our expectations for the year are that the attrition rate with the economy, the way it is and continued pressure on that, our attrition rates will remain at about the levels we've seen over the last couple of quarters. Bahram, do you want to talk a bit about--

#### Bahram Akradi

I'll give you a little bit of color. As Robinson mentioned last year, the bulk of increased attrition, we had seen was people who were dropping out more quickly when they were not using the club. And we also saw the last six months, a number of people who are using the club and they were financially so pressured that they just really needed to sit out for a while, even though they loved the club, et cetera.

What we are doing is increase the value proposition by providing more services, more value, more programming, more connectivity, but not reducing our fees or our dues which we really don't believe is necessary. And we're confident we can improve the attritions from the where they are at today, to what level I can tell you, the level I like to get to as I mentioned is 36% or under.

I also want to emphasize as we have demonstrated, we have confidence and the ability to replace those members. However, again as I mentioned you will see a higher acquisition cost when you are trying to replace the higher churn than 36%. It's not that -- that is not doable, it's just not desirable. So in the details of what we are doing I prefer not to get into. We are doing a lot of stuff, I am excited about where we are going to keep it to ourselves as a competitive advantage.

Now, I am going to turn over for other question.

#### Scott Hamann - KeyBanc Capital Markets

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