

LIFE TIME FITNESS INC

Form 8-K

March 20, 2007

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

**FORM 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) March 14, 2007

Life Time Fitness, Inc.

(Exact name of Registrant as specified in its charter)

Minnesota

001-32230

41-1689746

(State or other jurisdiction
of incorporation)

(Commission File Number)

(IRS Employer
Identification No.)

**6442 City West Parkway
Eden Prairie, Minnesota**

55344

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code

(952) 947-0000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Form of 2007 Key Executive Incentive Compensation Plan

Form of 2007 Restricted Stock Agreement (Executive) for 2004 Long-Term Incentive Plan

Table of Contents**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.*****2007 Key Executive Incentive Compensation Plan***

On March 14, 2007, the Compensation Committee of the Board of Directors of Life Time Fitness, Inc. (the Company) approved the 2007 Key Executive Incentive Compensation Plan (the 2007 Incentive Plan) for each of the Company s named executive officers who remains an executive officer of the Company. The form of 2007 Incentive Plan award is attached hereto as Exhibit 10.1 and incorporated herein by reference. The 2007 Incentive Plan provides for monthly payouts based on the Company s earnings before taxes (EBT) for the year-to-date period (YTD) as compared against the Company s 2007 financial plan. In addition, the 2007 Incentive Plan provides for an additional year-end payment based on the Company s return on invested capital (ROIC) as compared to the Company s 2007 financial plan. The payout formulas are described in more detail in the form of 2007 Incentive Plan award filed as an exhibit. The 2007 Incentive Plan award for each named executive officer specifies the Guaranteed Pay (salary) and Target Pay (salary plus incentive amount) for that named executive officer, which are listed below:

| Named Executive Officer | Guaranteed Pay | Target Pay |
|---|---------------------------|-------------------|
| Bahram Akradi Chairman of the Board of Directors, President and Chief Executive Officer | \$ 938,000 | \$ 1,400,000 |
| Michael J. Gerend Executive Vice President and Chief Operating Officer | \$ 335,000 | \$ 500,000 |
| Michael R. Robinson Executive Vice President and Chief Financial Officer | \$ 335,000 | \$ 500,000 |
| Eric J. Buss Executive Vice President, General Counsel and Secretary | \$ 268,000 | \$ 400,000 |
| Mark L. Zaebst Executive Vice President | \$ 201,000 | \$ 300,000 |

2007 Restricted Stock Grants

On March 14, 2007, the Compensation Committee also approved the issuance of restricted shares to each of the Company s named executive officers. The form of 2007 Restricted Stock Agreement (Executive) is attached hereto as Exhibit 10.2 and incorporated herein by reference. The restricted shares vest as to 25% of the total number of shares on March 1st of each of 2008, 2009, 2010 and 2011, subject to accelerated vesting in certain circumstances. Notwithstanding the foregoing, the number of restricted shares vesting on each regular vesting date will be reduced pursuant to the sliding scale described below in the event that the Company does not achieve budgeted EBT. If the EBT hurdle is not achieved: (i) five percent (5%) of the restricted shares shall be forfeited; and (ii) additional five percent (5%) of the restricted shares shall be forfeited for each range by which the Company s actual EBT for 2007 is less than 98.5% of the budgeted EBT for 2007, as follows: (i) 97.5% to 98.49%; (ii) 96.5% to 97.49%; (iii) 95.5% to 96.49%; (iv) 94.5% to 95.49%; and (v) so on; however, in no event will the number of forfeited restricted shares exceed 50% of the original number of restricted shares. The number of restricted shares granted to each named executive officer is: Bahram Akradi 50,000; Michael J. Gerend 10,000; Michael R. Robinson 10,000; Eric J. Buss 8,000; and Mark L. Zaebst 5,000.

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Item 9.01. Financial Statements and Exhibits.

The following Exhibits are being filed herewith:

10.1 Form of 2007 Key Executive Incentive Compensation Plan.

10.2 Form of 2007 Restricted Stock Agreement (Executive) for 2004 Long-Term Incentive Plan with performance-based vesting component.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LIFE TIME FITNESS, INC.

Date: March 20, 2007

By /s/ Eric J. Buss
Eric J. Buss
Executive Vice President, General Counsel
and
Secretary

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EXHIBIT INDEX

| No. | Exhibit | Manner of Filing |
|------|---|----------------------|
| 10.1 | Form of 2007 Key Executive Incentive Compensation Plan. | Filed Electronically |
| 10.2 | Form of 2007 Restricted Stock Agreement (Executive) for 2004 Long-Term Incentive Plan with performance-based vesting component. | Filed Electronically |