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## Town Sports International Holdings, Inc. Q1 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Anthony Gikas - Piper Jaffray & Co.

#### Anthony Gikas - Piper Jaffray & Co.

Couple questions, maybe just characterize for us your thoughts on new member acquisitions during the quarter. Did they meet your expectations or were things a little bit soft as we've heard from some of your competition? Also do you think that you've seen some impact to new membership acquisitions due to a slowing economy? That's the first question. Second, do you feel like you have enough visibility on the business for the remainder of the year to be buying back a lot of stock at this point? It sounds like you're feeling pretty good about the year. Then I have a couple follow ups.

#### Alexander A. Alimanestianu

With the 4.5% comp club revenue increase we feel that that really captures how the business is performing. It may be that in tougher economic environments it is a little more challenging to get people to make a commitment to join a club. We're certainly not seeing that though with the new clubs. We are as I think others are in the industry reacting to the economy by cutting or reducing somewhat the up front join fees but that's not a material impact on revenue. But I think that's one thing we are doing to counteract any impact that a slowing economy could have. But we're very pleased with the first quarter. The personal training business was up 16%. The attrition levels were in line and the 4.5% comp we were pleased with. So I think that's the key. It is an economically resilient business. We have seen that in the past. We are seeing that right now. I think while it is a discretionary expenditure to some degree I think a lot of people perceive it as much less discretionary. A lot of members perceive it as much less discretionary than other expenses. Overall we're very pleased with the quarter and the economy is going to do what it's going to do. We're going to run our business as best we can based on the metrics that we're seeing and the performance that we're seeing.

As to visibility, Dan, and the repurchase of stock do you want to discuss it?

#### Daniel Gallagher

The repurchase of stock that was just recently approved by our Board was the \$25 million plan that we have and we are going to look at the stock price. We're always focused on investing our capital where we expect the highest returns and the greatest benefit to the shareholder and at certain stock

prices that warrants an investment and that's how we're reacting to that and we look to our Board for guidance on making that investment going forward.

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