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## Town Sports International Holdings, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

(Operator instructions) Your first question comes from the line of Sharon Zackfia with William Blair.

**Sharon Zackfia - William Blair & Co.**

Alex, I think you mentioned that you are relatively pleased with member growth so far in the first quarter. Does that imply that you are expecting members to be up now on the comp store level?

**Alexander Alimanestianu**

I am sorry Sharon I lost the last part of that question.

**Sharon Zackfia - William Blair & Co.**

Sorry I am calling remotely. I am wondering if you are expecting since your comment on the first quarter member growth was that you are relatively pleased with it so far. Do you expect that member growth component of comp to go back in the positive territory? I think it was flat in the fourth quarter.

**Alexander Alimanestianu**

We were relatively pleased with the net member growth in the past through February, but that being said the growth was not as significant as it was last year. So, in January we netted about 12,000 members overall versus about 21,000 in '08 January. As Dan said in his comments, we were down about 2.5% over the course of '08 in mature clubs, a 24-month club.

**Daniel Gallagher**

Yes, and I guess to get to Sharon, her one component of the comp sales, I think we are going to dip a little bit on the negative side Sharon in Q1, as far as the membership component of the comp sales, but this is slightly.

**Sharon Zackfia - William Blair & Co.**

And in the fourth quarter, I do not think you mentioned those but it looks like the price component of comp went negative and I was just curious as to what is driving that.

**Alexander Alimanestianu**

Yes. There are two things driving that. One is the members that are leaving us in the fourth quarter are leaving at higher place points than the ones that we are replacing them with by the tune of 47% actually from October to December and also we had price reductions at about 30 of our clubs is for gold memberships back at the end of August and what we found is that members at those clubs are trading down from their other memberships to these places and that is also have an impact on our price. So, overall the quota is down a little bit on the overall basis.

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