

**THE TOWN SPORTS INTERNATIONAL
CODE OF ETHICS AND BUSINESS CONDUCT**

INTRODUCTION

Town Sports International (“TSI” or the “Company”) has adopted a written Code of Business Conduct and Ethics, which applies to all officers, directors and employees, including our principal executive officer, principal financial officer and principal accounting officer and controller. This document states the Company’s intention to act lawfully and ethically at all times and provides specific guidance for certain business activities and situations that could potentially create legal and/or ethical challenges.

TSI owns and operates a network of health and fitness clubs under the brand names - New York Sports Clubs, Washington Sports Clubs, Boston Sports Clubs and Philadelphia Sports Clubs. With a total of over 150 locations, TSI is the largest health club operator in the Northeast and Mid-Atlantic regions of the U.S. and the third largest nationwide. There are also three locations in Switzerland: the Forum and Joggeli Clubs in Basel and the Luxor Club in Zurich. The company employs more than 8,000 people who serve approximately 500,000 members.

Our facilities include state-of-the-art cardiovascular equipment, strength equipment and free weights, and group exercise and cycling studios. Other standard services and amenities include audiovisual entertainment systems, locker rooms, towel service, a retail shop, and, in some locations, saunas and steam rooms. Personal training services are offered at all locations and massage is offered at most clubs, each at an additional charge. At certain flagship locations, additional facilities also are offered, including racquet and basketball courts and swimming pools. Additionally, we offer other fee-based programming at many of our clubs, such as programs targeted at children, members and non-member adult customers.

Any questions concerning TSI’s Code of Business Conduct should be directed to your supervisor, any officer of the Company, Human Resources management or the Legal Department.

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THE TSI Code

Town Sports International requires you to act lawfully, honestly and ethically at all times. This Town Sports International Code of Ethics and Business Conduct (the “**TSI Code**”) is intended to inform you about the key policies and procedures of the Town Sports International group of companies (individually and collectively, “**TSI**” or the “**Company**”), and to help you conduct TSI's businesses in a legally, honestly and ethically appropriate manner. The TSI Code is designed to ensure lawful, honest and ethical conduct on the part of the Company and its employees, officers, directors, agents, consultants, and contractors. Above all, we are relying on the integrity and good judgment of all TSI people. It is and has been the policy of TSI to be a good corporate citizen. We have a responsibility to obey applicable laws, including those covering the health and safety of our members and employees, antitrust laws, laws relating to the environment, and those governing the Company's relationship with its people.

We also have the responsibility to promote high standards by conducting our affairs in a clearly honest and ethical manner. It is both right and in the best interest of the Company to act in accordance with the highest ethical standards.

The corporate policies that are set out here in the TSI Code should be understood and followed by everyone who acts on behalf of TSI. The full text of TSI's corporate policies and procedures (the “**TSI Policies**”) is available, upon request, from the Club Support department at Corporate Headquarters. It is also available on the TSI Intranet site under Employee Life and Club Resource Center. You are responsible for reviewing and understanding the TSI Code and the TSI Policies to the extent they are related to your activities. You can obtain advice concerning the TSI Code or the TSI Policies from your supervisor, any officer of the Company, Human Resources management or the Legal Department. On doubtful questions, you must seek and receive advice in advance of taking action.

It is the Company's policy to ensure that all employees behave in an ethical, honest and lawful manner. Should unethical, dishonest or unlawful behavior occur, the Company must stop it as soon as reasonably possible after it is discovered and discipline not only those who engage in it, but also those who fail to exercise appropriate supervision and oversight or fail to report a violation. Failure to comply with the standards contained in the TSI Code and the TSI Policies can have severe consequences for both the individuals involved and the Company. Not only will TSI's good name and trade and consumer relations be potentially damaged, but conduct that violates the TSI Code or the TSI Policies may also violate federal, state or local laws, subjecting those involved and the Company to prosecution, fines, and even imprisonment. Also, any employee who violates the TSI Code or the TSI Policies will be acting outside the scope of his or her employment and will be subject to disciplinary action, up to and including termination.

If you know of or reasonably believe that there is a violation of applicable laws, the TSI Code or the TSI Policies, you must report that information immediately to your supervisor, any officer of the Company, Human Resources management, the General Counsel, or through the ethics hotline. If you desire, you may report a violation anonymously.

All investigations will be conducted by or under the supervision of Human Resources management or the General Counsel. You or your supervisor should not conduct preliminary investigations unless authorized to do so by Human Resources management or the General Counsel.

You may contact the General Counsel by telephone at (212) 246-6700, in person or in writing. If made in writing, it should be sent to General Counsel, Town Sports International Holdings, Inc., 5

Penn Plaza, New York, NY 10001. You may also contact the Chairman of the Company's Audit Committee, Thomas Galligan III, at XXXXXXXXXXXX.

Reports of a violation or possible violation may also be made by telephone by calling our ethics hotline at 212-246-6700 or toll free in the U.S. at 1-866-ETHICSP (384-4277). In addition, you may report a violation or possible violation by clicking on "Report Online Now" under located under the "Ethical Conduct and Reporting" section under the "Employee Life" section of the intranet or by logging on to www.ethicspoint.com.

EMPLOYMENT POLICIES

Equal Opportunity.

TSI's greatest strength is its people. The Company seeks to maintain its reputation as an outstanding employer and to ensure high levels of employee motivation and commitment. It is TSI's policy to treat applicants and employees without regard to race, color, religion, sex, age, national origin, sexual preference, disability or veteran status.

Each manager has direct responsibility for implementing this policy and communicating it to employees and others acting under his or her direction or control. All employees must follow and support this policy.

Discrimination or Harassment.

All people are to be treated with dignity and respect. Our policy is to provide a work environment that is free from discrimination based on the racial, ethnic, religious, physical or sexual characteristics or sexual preference of another and verbal or physical harassment for any reason. This policy prohibits any discriminatory or harassing conduct which is made a condition of employment, is used as a basis for employment decisions, or has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment. TSI may be held responsible for conduct that might be considered harassment or discrimination toward employees by managers, supervisors, or other employees, and sometimes even non-employees, when the Company knows or should have known of the conduct and fails to take appropriate corrective action. Employees who engage in acts of harassment or discrimination are subject to discipline, which may include termination of employment. Managers are responsible for ensuring that their people follow this policy.

Health and Safety.

TSI is committed to providing a safe work environment. Employees and others working on behalf of the Company have a responsibility to learn the safety procedures applicable to their jobs and to follow them. You should observe posted warnings and regulations and report immediately to your manager any injury sustained on the job or any health or safety concern you may have.

Illegal Drugs and Alcohol.

Substance abuse poses serious health and safety risks not only to the abuser, but to all those who work with him or her. Substance abuse also affects job performance. TSI is dedicated to pursuing an environment free of substance abuse to protect the health and well being of employees and to better the Company's business. TSI has guidelines that are compassionate but firm. While they are designed primarily to end the substance abuse and not punish the abuser, the use of illegal drugs or alcohol on Company premises is prohibited. The Company reserves the right to test employees for substance abuse where such testing is permitted.

CONFLICT OF INTEREST

Ownership or Financial Interest in Other Businesses.

TSI respects the rights of its employees to manage their affairs and investments and does not wish to infringe on their personal lives. At the same time, employees should avoid situations that present a potential conflict between their interests and those of the Company. Your duty to TSI comes first and any outside employment, investments or activities must be secondary and must not interfere with your independent exercise of sound judgment or with the conscientious performance of your job. You may not hold another job unless it does not interfere with the full performance of your TSI responsibilities.

Even with the best intentions, the appearance of a conflict can be as damaging as an actual conflict, and employees should avoid any activities that create even the appearance of a conflict of interest. A good general rule is to avoid any action or association that would be embarrassing to you or the Company if it were disclosed to the public.

While we cannot list every circumstance that violates this policy, there are obvious situations which most certainly can result in a conflict of interest: having an undisclosed, substantial financial interest in a supplier, competitor or customer; having an undisclosed interest in a transaction in which it is known that the Company is, or may be, interested; taking advantage of other corporate opportunities for your personal benefit in a manner which harms the company; receiving undisclosed fees, commissions or other compensation from a supplier, competitor or customer of the Company; or having an outside business or other interests that have a negative impact on your motivation or performance. Any of these acts by a member of your family – especially a close relative such as a brother or sister, husband or wife, child, parent, grandparent or uncle or aunt -can also present a conflict of interest. Before taking any action and to avoid potentially damaging effects both on you and the Company, you must make prompt disclosure to your supervisor, any officer of the Company, Human Resources management or the General Counsel of any fact or circumstance that may involve a conflict of interest. You may also make disclosure through the ethics hotline. This disclosure can assist in resolving honest doubts as to the whether a particular activity is permissible.

While employees are encouraged to participate in civic, charitable or professional activities, those activities must not interfere with job duties. An employee must not use the Company's name in connection with an outside activity or entity without first obtaining the approval of the Company's Executive Committee member responsible for the employee.

Acceptance of Gifts, Entertainment, Loans or Other Favors.

The Company generally prohibits the acceptance from suppliers, vendors or customers of the Company of any gifts or gratuities, whether in the form of money, merchandise, services, meals, entertainment, travel or any other form, as the receipt of gifts and entertainment by an employee or a family member may present potential conflicts of interest. Employees should never accept gifts, services, travel or entertainment where it may reasonably appear that their judgment in the performance of their duties is affected or where the appearance of impropriety is created.

As a general rule, employees should not seek any gift or entertainment from any supplier or contractor who is currently dealing with the company or who may do so in the future. A gift may be accepted by an employee from a supplier, vendor or customer if the gift is:

- a perishable item (for example, food) that has little or no resale value, or

- any other non-cash gift (such as a meal or entertainment) valued at less than \$100, or, if worth more than \$100, is of a type which does not go beyond common courtesies and is consistent with acceptable and customary ethical business practices and provided that gifts are not received by the employee on a regular or frequent basis, or
- approved by the member of the Executive Committee responsible for the employee's department.

Attending sports, theatrical events or concerts as a guest of a supplier or customer involves an acceptable and customary ethical business practice if kept within reasonable limits. An employee must report to his or her supervisor and the member of the Executive Committee that is responsible for his or her department any gift, meal or entertainment that he or she accepts from a vendor, supplier or customer (other than a meal that is valued at less than \$100 and that is otherwise permitted by this Gift Policy).

Cash gifts are never permitted. Employees are also not permitted to accept travel or vacation arrangements unless the member of the Executive Committee responsible for the employee's department approves the arrangements in advance.

If gifts prohibited by this Gift Policy are received by an employee, the prohibited gift must be either (i) be returned to the supplier or customer or (ii) turned over to the member of the Executive Committee who heads the employee's department, who will then raffle off the gift to TSI employees.

If an employee receives a gift or an invitation to an entertainment event (such as concert tickets) that is permitted to be accepted under this Gift Policy, but the employee does not want the gift or is unable to attend the entertainment event, then (if allowed by the vendor or supplier who provided the gift or invitation), the employee should turn over the gift or invitation to the member of the Executive Committee who heads the employee's department, who will then raffle off the gift or invitation to other TSI employees.

Employees may not give gifts to government officials. Employees or those acting on the Company's behalf may, however, provide meals (only meals, and not any other types of gifts or entertainment) to others as part of the conduct of business as long as they do not violate the standards of the Company or the recipient's organization and if the value does not exceed \$100.

Employees should not provide a meal if it might reasonably appear that the employee is trying to influence the recipient's judgment or actions in the performance of his or her duties or where the appearance of impropriety is created.

If an employee has any concerns or questions about the appropriateness of accepting a particular gift, meal or entertainment, he or she is responsible for checking with his or her supervisor or the member of the Executive Committee responsible for his or her department in advance of accepting the gift, meal or entertainment.

GOVERNMENT AND POLITICAL ACTIVITIES

Prohibition Against Bribery Of Government Officials.

Regardless of where they are located or where they act, TSI employees must comply with the U.S. Foreign Corrupt Practices Act, which prohibits the making or offering of any payment or anything of value to any foreign official to improperly influence any governmental act or decision or to assist the Company in obtaining or retaining business. No TSI employee anywhere in the world may make a bribe, payment or gift to any government official, whether or not there is an attempt to influence. The Company may make a payment to a governmental official or employee outside the United States only if:

- it is made for a legitimate business purpose and not to obtain benefits not permitted by local law or to escape obligations imposed by local laws;
- it is modest in amount and made in accordance with prevailing local law and customs;
- its public disclosure would not embarrass or otherwise harm the Company; and
- the payment is authorized by the Company's Chief Executive Officer.

Political Contributions.

No Company funds, services or facilities may be made or used on behalf of any political party or candidate. TSI will not, either directly or indirectly, make any contribution or payment to or for the benefit of any political party or candidate for any office in any jurisdiction in the United States. The Company will not reimburse political contributions or payments made by TSI employees or representatives. Any exception to this policy must have the prior express approval of the Company's Chief Executive Officer.

Relationships with Governmental Employees.

United States laws forbid the giving of anything of value to or for the benefit of any government official because of any official act performed or to be performed or to influence any official act. The law may even bar providing governmental employees amenities such as complimentary tickets or a meal, even one of nominal value (e.g., the equivalent of \$10 or less). No TSI employee, or anyone acting either directly or indirectly for or on behalf of the Company, shall give any money or provide any gift or meal which has more than a nominal value, to or for the benefit of any governmental official or employee, whether at the federal, state or local level. If it is appropriate under the circumstances, you are permitted to provide modest refreshments on an occasional basis in connection with business activities.

INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION

Patents, Copyrights and Trademarks.

TSI's intellectual property includes its patents, copyrights, trademarks, scientific and technical knowledge, know-how, and the experience developed in the course of its activities. In order for TSI to maintain its competitive edge, it is essential that the Company protect its intellectual property. Employees who become aware of any unauthorized use or infringement of the Company's intellectual property must immediately notify the Legal Department directly or through the ethics hotline.

Sensitive, Proprietary or Confidential Information

Much of the information that the Company develops in research, fitness, marketing, sales, legal, development, finance, and other areas is proprietary in nature and its protection is essential to TSI's continued success. This confidential information may include any formula, method, process, trade secret, design, device or compilation of information. TSI confidential information includes, for example, presentations or reports from PARS, Club Networks, Report Net and Oracle. Its loss through inadvertent or improper disclosure could be harmful to the Company and it must be protected by all Company personnel, should not be disclosed to outsiders, and access to it should be limited to those with a need to know.

Since the Company is an issuer of publicly held securities, you should never release material non-public information about the Company. Employees, former employees, consultants, and suppliers must not use TSI's sensitive, confidential or proprietary information for their own benefit or advantage. You may also not buy or sell any Company securities while you are in possession of material information which you know but which has not been disclosed to the public. If you have any questions, please consult with the Company's senior management or the Legal Department.

In protecting Company information, you should be especially mindful when using unsecure media such as telephone, fax, electronic mail, and other electronic means of storing and transmitting information. For example, the Internet or public fax machines such as at a hotel desk may not be secure. Extreme care should be taken when discussing Company business or reviewing TSI confidential information in the Clubs. Also, you should be aware of the potential for eavesdropping on conversations conducted on speakerphones, cellular telephones, and telephones located in taxicabs, airplanes, trains, etc.... You should also not discuss such information in elevators, hallways, restaurants, airplanes, taxicabs or any other place where conversations can be overheard. You should be careful when reading confidential documents in public places and should not discard them where they can be retrieved by others.

Outside requests for any Company information (including information about employees and members) should only be handled by authorized persons. The Legal Department should be consulted whenever there is a request concerning the disclosure of information.

BUSINESS PRACTICES

Use and Recording of Corporate Funds

Company business records must always be prepared accurately and conscientiously. They must reflect all transactions of the Company and all other events that are the subject of a specific regulatory record-keeping requirement. All transactions must be executed in accordance with the Company's general or specific authorization and comply with generally accepted accounting principles.

You may not use Company funds or assets for any unlawful purpose. In keeping with this policy, no TSI employee or anyone acting directly or indirectly on behalf of the Company may (1) falsify a transaction, (2) establish or maintain any unrecorded fund or asset, (3) make false or artificial entries on the books and records of the Company or (4) approve or make any payment with the intention or understanding that all or part of the payment is to be used for a purpose other than that described by the documents supporting the statement. If you have information or knowledge about any hidden fund or asset, any false or artificial entry in the books and records of the Company or any inappropriate payment, you must immediately report the matter to your

supervisor, any officer of the Company, Human Resource management, the General Counsel or to the Chairman of the Company's Audit Committee. You may also report this information through the ethics hotline.

Company Documents.

Company documents include, for example, reports, presentations and documents found on public folders or the Club Resource Center, and books, files, records, memoranda, e-mails, letters, computer discs, tapes, CD's, and other means of electronic storage, photographs, slides, transparencies, drafts, and voicemails. All Company documents must be retained and discarded in accordance with the Company's document retention policy. If you have any doubt as to whether a particular document should be retained, you should consult with the Legal Department. Furthermore, you must not make inappropriate modifications to Company documents that alter or destroy information or the integrity of the document.

Environmental Compliance.

TSI is committed to full compliance with all environmental statutes and regulations applicable to our business. All people functioning in a capacity involved with air emissions, water discharges, solid waste or hazardous or toxic materials must be familiar with and comply with all applicable laws and regulations and must promptly report any unpermitted spills, discharges or releases, or conditions likely to lead to them to your supervisor, any officer of the Company, Human Resources management or the General Counsel, so that remedial action may be taken. Alternatively, you may make a report through the ethics hotline.

Compliance with Antitrust Laws.

It is TSI's policy to compete fairly and legitimately and to comply with the applicable antitrust and trade regulation laws. These laws may prohibit agreements and practices in restraint of trade such as price fixing, boycotting suppliers or customers, predatory pricing intended to run a competitor out of business, unfair competition, and attempts to monopolize. The purpose of these laws is to promote vigorous, free, and open competition in the marketplace and violations may result in severe penalties for the Company and individual employees, including substantial fines and even prison sentences. In order to comply with the U.S. antitrust laws, TSI employees may not (1) discuss pricing or related matters with competitors, (2) agree with competitors to divide or allocate customers, markets or territories, (3) agree with anyone not to deal with another company or (4) force a customer to buy one product in order to get another product. Employees should consult with the Company's Executive Committee member responsible for the employee or the Legal Department prior to having any contacts with competitors and before engaging in any activities like those described above.

PUBLIC DISCLOSURE BY EXECUTIVE AND FINANCIAL OFFICERS

TSI's Chairman of the Board of Directors, Chief Executive Officer, principal financial officer, principal accounting officer and controller, and all other persons performing similar functions, shall cause TSI to make full, fair, accurate, timely and understandable disclosure in the reports and documents that the Company files with, or submits to, the U.S. Securities and Exchange Commission and in other public communications made by the Company.

HELP AND INFORMATION

You are encouraged to seek advice about any issues raised by the TSI Code or the TSI Policies from your supervisor, any officer of the Company, Human Resources management or the Legal Department. When you contact them with a question or concern, you will be treated with dignity and respect and the confidentiality of your communication will be protected to the greatest extent possible. There is never a penalty for asking a question or making a good faith report about a possible violation of the law and the policies set forth in the TSI Code or the TSI Policies. In order to protect employees who report violations of the law or the TSI Code or who cooperate in any related internal or external investigations, TSI has implemented a “no retaliation” policy - if anyone in authority tries to stop you or retaliate against you for reporting a violation, he or she will be subject to disciplinary action, up to and including dismissal. Making a knowingly false report, however, will also subject you to discipline. All of us have the obligation and duty to follow the law, the TSI Code and the TSI Policies, and in so doing, we will enable TSI to continue to achieve growth and success.

HELPFUL CONTACTS

TSI Code Hotline	1-866-ETHICSP (384-4277)
Ethicspoint	www.ethicspoint.com
TSI’s Corporate Headquarters	(212) 246-6700
Chairman of the Audit – Thomas Galligan III	XXXXXXXXXX
Scott Milford Senior Vice President – Human Resources	(212) 246-6700 x XXXX
David M. Kastin Senior Vice President – General Counsel and Corporate Secretary	(212) 246-6700 x XXXX