

## TOWN SPORTS INTERNATIONAL HOLDINGS, INC.

### AMENDED AND RESTATED COMPENSATION COMMITTEE CHARTER

#### **Purpose**

The Compensation Committee (the "Committee") is responsible for reviewing and, to the extent provided for by this Charter, determining, the compensation of the Company's executive officers, and making recommendations to the Company's Board of Directors (the "Board") regarding incentive-compensation and equity-based compensation plans, including, without limitation, stock option and restricted stock plans, in which directors, officers, employees or non-employee consultants may participate.

The Committee also is responsible for overseeing compliance with respect to disclosure of executive and director compensation information for inclusion in the Company's proxy statement relating to the annual meeting of stockholders and reviewing certain other information concerning executive and director compensation that is required to be included in other periodic and current reports filed with the Securities and Exchange Commission (the "SEC").

#### **Committee Membership**

The Committee shall consist of no fewer than two members. Each member of the Committee (a) shall be a member of the Board, (b) shall satisfy the independence requirements of The NASDAQ Stock Market or its successors ("Nasdaq") (or, with the approval of the Board, satisfy one or more of the exceptions permitted by Nasdaq); (c) be a "non-employee director" as defined in SEC Rule 16b-3, and (d) be an "outside director" as defined in Section 162(m) ("Section 162(m)") of the Internal Revenue Code of 1986. The Board shall determine from time to time the number of directors that shall constitute the Committee.

The members of the Committee shall be appointed by the Board. Committee members may be removed and replaced by the Board. Unless a Chairman is appointed by the Board, the members of the Committee may designate a Chairman by the vote of a majority of the Committee.

#### **Committee Administration**

The Committee shall meet at such times and with such frequency as the Committee determines appropriate, but not less than once per year. Special meetings may be convened as the Committee deems necessary or appropriate. The Committee may ask members of Company management or others to attend meetings of the Committee (or to meet with any member of, or advisors to, the Committee) and provide pertinent information as necessary or desirable. The Committee may adopt such procedures as it deems appropriate and necessary to carry out its duties and responsibilities.

A majority of the members of the Committee shall constitute a quorum to transact business. Members of the Committee may participate in a meeting of the Committee by means of telephone conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other. Except in extraordinary circumstances as determined by the Chairperson of the Committee, notice shall be delivered to all Committee

members at least 48 hours in advance of the scheduled meeting. Notice may be by overnight mail, facsimile, electronic mail or any other reasonable means selected by the Chairperson of the Committee. Minutes of each meeting will be kept and distributed to the entire Board.

The affirmative vote of a majority of the members of the Committee present at the time of such vote will be required to approve any action of the Committee. Subject to the requirements of any applicable law, regulation or Nasdaq rule, any action required or permitted to be taken at a meeting of the Committee may be taken without a meeting if a consent in writing, setting forth the action to be so taken, is signed by all of the members of the Committee. Such written consent shall have the same force as a unanimous vote of the Committee.

## **Committee Responsibilities**

### Executive Compensation

1. The Committee shall review and approve corporate goals and objectives relevant to chief executive officer (“CEO”) compensation, evaluate the CEO’s performance in light of those goals and objectives and determine and approve the CEO’s compensation level based on this evaluation. In determining the long-term incentive component of the CEO’s compensation, the Committee shall, to the extent it deems appropriate, consider the Company’s performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies, the awards given to the CEO in past years and other factors that the Committee deems appropriate in connection with its review. The Committee shall not make any review, deliberation or approval of any aspect of CEO compensation in the presence of the CEO.
2. For all executive officers of the Company other than the CEO, the Committee shall review and approve, or make recommendations to the Board with respect to, such compensation policies as the Committee shall deem appropriate.
3. The Committee shall not approve any direct or indirect loan, guarantee or other extension of credit to the CEO or any other director or officer of the Company, except as permitted under Section 13(k) of the Securities Exchange Act of 1934.

### Non-Employee Director Compensation

4. The Committee shall make recommendations to the Board with respect to the compensation of non-employee directors, including their participation in incentive-compensation plans and equity-based compensation plans.
5. The Committee shall have the same authority with regard to all aspects of non-employee director compensation as it has been granted with regard to executive compensation, except that any ultimate decision regarding the compensation of any non-employee director shall be subject to the approval of the Board.

### Incentive-Compensation and Equity-Based Compensation Plans

6. The Committee shall make recommendations to the Board and to the Company’s stockholders (to the extent stockholder approval is required by any applicable law,

regulation or Nasdaq rule) for their approval of all stock ownership, stock option and other incentive-compensation and equity-based compensation plans of the Company, and all related policies and programs. In addition, the Committee shall make recommendations to the Board and to the Company's stockholders (to the extent stockholder approval is required by any applicable law, regulation or Nasdaq rule) for their approval of all incentive-compensation and equity-based compensation plans with respect to non-employee directors, and all related policies and programs. The Committee shall review all stock ownership, stock option and other incentive-compensation and equity-based compensation plans of the Company that are not subject to approval by the Company's stockholders.

7. The Committee shall make individual determinations and grant any restricted stock, stock options or other equity-based awards under any incentive-compensation or equity-based compensation plan, including, without limitation, any stock option plan, other than with respect to non-employee directors.
8. The Committee shall interpret, implement, administer, review and make recommendations to the Board with respect to incentive-compensation plans and equity-based compensation plans.

#### Other Authority and Responsibilities

9. The Committee shall review and discuss with management the Compensation Discussion and Analysis required by the SEC's rules, and based on such review and discussions, determine whether to recommend to the Board that the Compensation Discussion and Analysis be included in the Company's annual report on Form 10-K or proxy statement relating to the annual meeting of stockholders.
10. The Committee shall approve the Compensation Committee Report that will appear in the Company's proxy statement relating to the annual meeting of stockholders or annual report on Form 10-K.
11. If the Committee determines that a compensation consultant is to assist in the evaluation of CEO, executive officer or non-employee director compensation, the Committee shall have the sole authority to retain at the expense of the Company and to terminate such consultant and shall have sole authority to approve such consultant's fees and other retention terms.
12. In addition to the authority granted above, the Committee shall also have the sole authority, to the extent it deems necessary or appropriate to carry out its responsibilities, to retain at the expense of the Company and to terminate special legal, accounting, actuarial or other consultants to advise the Committee. The Committee shall have the sole authority to approve such advisors' fees and other retention terms.
13. With respect to plans intended to comply with Section 162(m), the Committee shall have the authority to take all actions necessary or appropriate to comply with Section 162(m), including, without limitation, establishing performance goals in writing within the time prescribed by Section 162(m) and certifying the attainment of such goals in a manner consistent with Section 162(m).

14. The Committee may form and delegate authority to subcommittees to the extent the Committee deems necessary or appropriate.
15. The Committee may designate any member of the Committee to execute documents on its behalf as the Committee deems necessary or appropriate to carry out its responsibilities hereunder.
16. The Committee shall report to the Board as requested by the Board or as the Committee deems appropriate, but not less frequently than annually.
17. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed change to the Board for its approval.
18. The Committee shall review its own performance annually.

In addition to the activities described above, the Committee will perform such other functions as are necessary or appropriate in its opinion or in the opinion of the Board under applicable law, the Company's Certificate of Incorporation and by-laws, and the resolutions and other directives of the Board.

This Charter is in all respects subject and subordinate to the Company's Certificate of Incorporation and by-laws and the applicable provisions of the General Corporation Law of the State of Delaware. This Charter may be amended from time to time by the Board.

Date of adoption: March 29, 2007