



## **RCI Hospitality Holdings, Inc.**

### **Charter of the Nominating Committee of the Board of Directors**

**Adopted as of May 13, 2004**

#### **I. Organization**

The Nominating Committee (the "Committee") of the board of directors (the "Board") of RCI Hospitality Holdings, Inc., a Texas corporation (the "Company"), shall consist of at least two (2) members of the Board. No Committee member shall be an employee of the Company and each member shall be free from any relationship that would interfere with the exercise of his or her independent judgment, as determined by the Board, in accordance with the applicable independence requirements of The Nasdaq Stock Market and the rules and regulations of the Securities and Exchange Commission ("SEC"). The members of the Committee and the Committee chairperson shall be appointed by the Board.

#### **II. Statement of Policy**

The purpose of the Committee shall be to (i) identify, review, and evaluate candidates to serve as directors of the Company; (ii) serve as a focal point for communication between such candidates, non-committee directors, and the Company's management; and (iii) recommend such candidates to the Board.

#### **III. Operating Principles and Processes**

In fulfilling its function and responsibilities, the Committee should give due consideration to the following operating principles and processes:

- **Nomination Process** – Candidates shall be evaluated based on the criteria established by the Board of Directors. Minimum criteria for non-employee candidates includes "independence" as defined under applicable rules promulgated by the Securities and Exchange Commission pursuant to the Sarbanes-Oxley Act of 2002 and Nasdaq Listing Rules and financial experience. Additional criteria may include: (a) satisfactory results of any background investigation; (b) experience and expertise; (c) financial resources; (d) time availability; (e) community involvement; and (f) such other criteria as the Nominating Committee may determine to be relevant. Candidates selected for consideration as nominees must meet with the Nominating Committee, and thereafter with the entire Board of Directors.

- Access to Information -- The Committee shall be authorized to access such internal and, in consultation with senior management, external resources as the Committee deems necessary or appropriate to fulfill its defined responsibilities. The Committee does not presently have the authority to pay any third party fees to assist in the process of identifying and/or evaluating candidates. The Committee shall have the authority to perform such other functions, and shall have such powers, as may be necessary or appropriate in the efficient and lawful discharge of its responsibilities hereunder.
- Reporting to the Board - The Committee, through the Committee chairperson, shall report all material activities of the Committee to the Board from time to time, or whenever so requested by the Board.

#### **IV. Responsibilities**

The operation of the Committee will be subject to the provisions of the Bylaws of the Company and the Texas Business Corporation Act, each as in effect from time to time. The Committee will have the full power and authority to carry out the following primary responsibilities or to delegate such power and authority to one (1) or more subcommittees of the Committee:

- Director Nominations - The Committee, in consultation with the Company's Chief Executive Officer, has the primary responsibility for establishing criteria for Board membership and identifying, evaluating, reviewing, and recommending qualified candidates to serve on the Board, including consideration of any potential conflicts of interest as well as applicable independence and experience requirements. Such recommendations shall require the unanimous consent of the members of the Committee. The Committee shall have the primary responsibility for evaluating, reviewing, and considering the recommendation for nomination of current directors for reelection to the Board, as well as monitoring the size and overall constitution of the Board. The selection of nominees for director to be presented to the stockholders for election or reelection, and the selection of new Directors to fill vacancies and newly created directorships on the Board, shall be made by the full Board based on the recommendations of the Committee.
- Company Stockholder Submissions and Communications - The Committee shall also have the power and authority to consider board nominees and proposals submitted by the Company's stockholders and to establish any procedures, including procedures to facilitate stockholder communication with the Board of Directors, and to make any such disclosures required by applicable law in the course of exercising such authority.
- Board Assessment - The Committee shall periodically review, discuss, and assess the performance of the Board, including Board committees, seeking input from senior management, the full Board, and others. The assessment includes evaluation of the Board's contribution as a whole, specific areas in which the Board and/or management believe better contributions could be made, and overall Board composition and makeup, including the reelection of current Board members. The factors to be considered shall include whether the Directors, both individually and collectively, can and do provide the skills and expertise

appropriate for the Company. The Committee shall also consider and assess the independence of Directors, including whether a majority of the Board continue to be independent from management in both fact and appearance, as well as within the meaning prescribed by The Nasdaq Stock Market. The results of such reviews shall be provided to the Board for further discussion as appropriate.

## **V. Meetings**

The Committee will hold at least one (1) regular meeting per year, and will hold additional meetings as the Committee deems appropriate. At the discretion of the Committee, the Company's President, Chief Executive Officer, Chairman of the Board (if so designated), and Chief Financial Officer may attend any meeting of the Committee, except for portions of the meetings where his, her, or their presence would be inappropriate, as determined by the Committee.

## **VI. Minutes and Reports**

Minutes of each meeting will be kept and distributed to each member of the Committee, members of the Board who are not members of the Committee, and the Secretary of the Company. The Chairman of the Committee will report to the Board from time to time, or whenever so requested by the Board.