



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

### **Charter of The Compensation Committee of The Board of Directors**

**Adopted as of June 9, 2014**

#### **I. Purposes of the Committee**

The primary purposes of the Compensation Committee (the "Committee") of RCI Hospitality Holdings, Inc. (the "Corporation") are to discharge the responsibilities of the Board of Directors (the "Board") relating to the evaluation and compensation of the Corporation's Chief Executive Officer (the "CEO"), President and other senior executives, and to discharge the responsibilities of the Committee under applicable rules and regulations. The Committee also makes recommendations to the Board regarding succession planning and development for senior executives and positions as needed.

#### **II. Committee Membership**

The Committee shall have at least two members. Committee members shall be appointed by the Board from among its members and may be removed by the Board at any time. Each member of the Committee must satisfy such criteria of independence as the Board may establish and such additional regulatory or listing requirements as the Board may determine to be applicable or appropriate. Accordingly, each member must qualify as a "non-employee director" under rule 16b-3 of the Securities and Exchange Commission (the "SEC"); may not be part of a compensation committee interlock within the meaning of SEC Regulation S-K; and must be independent from management in connection with the duties of a compensation committee member as required by NASDAQ standards. Members of the Committee should be suitably knowledgeable in matters pertaining to executive compensation. The actual number of members shall be determined from time to time by resolution of the Board. Two members of the Committee shall constitute a quorum thereof.

#### **III. Committee Structure and Operations**

The Chair of the Committee shall be designated by the Board. The Compensation Committee will fix its own rules of procedure and shall meet where and as provided by such rules or by resolution of the Committee. In addition to the regular meeting schedule established by the Committee, the Chair of the Committee may call a special meeting at any time.

For all business of the Committee, including without limitation the granting of incentive awards and other compensation, the Committee shall act only on the affirmative vote of a majority of the members at a meeting or by unanimous written consent.

The Committee may establish sub-committees consisting of one or more members to carry out such duties as the Committee may assign.

An executive officer, including without limitation the CEO or President, may not be present during

voting or deliberations on his or her compensation.

#### **IV. Committee Activities**

The following shall be the common recurring activities of the Committee in carrying out its purposes. These activities are set forth as a guide with the understanding that the Committee may diverge from this guide as appropriate given the circumstances.

1. Review and reassess the adequacy of this charter on an annual basis.
2. Review and approve the corporate goals and objectives relevant to the compensation of the CEO and President.
3. At a meeting to which all independent directors are invited, evaluate the CEO's and President's performance as measured against the goals and objectives outlined above.
4. Set the salary and other cash and equity compensation for the CEO and President based on the evaluation described in paragraph 3 and the goals and objectives described in paragraph 2.
5. Periodically, as needed, at a meeting to which all independent directors are invited, review succession planning and development strategies for senior level positions and executives of the Corporation.
6. Make recommendations to the Board with respect to incentive compensation plans and equity-based plans.
7. Review and act upon proposed terms of any new plans, programs, and arrangements for the benefit of employees of the Corporation that are modified and made available only to certain executives of the Corporation, or, as appropriate, make such recommendations to the Board with respect thereto as it may deem advisable.
8. Set the salaries of all senior executives of the Corporation; and set, review or make recommendations with respect to the salaries of such other employees as may be from time to time referred to the Committee by the CEO or President.
9. Administer any incentive programs, and make the determinations and interpretations and take other such action as contemplated by said programs for the granting authorities, insofar as applicable to employees who are subject to the reporting requirements of Section 16 under the Securities Exchange Act of 1934 with respect to equity securities of the Corporation, and other such eligible employees as may be from time to time referred to the Committee by the CEO or President.
10. Review proposed terms of any new incentive program and any major amendment of an existing program, and make such recommendations to the Board with respect thereto as it may deem advisable.
11. Report on compensation policies and practices with respect to the Corporation's executive officers as required by SEC rules.
12. Review and report on risks arising from the Corporation's compensation policies and practices for employees as required by SEC rules.
13. Consider factors that could affect the independence or represent a conflict of interest on the part of any compensation consultant, independent legal counsel, or other adviser the Committee may retain and report thereon as required by SEC and NASDAQ rules.
14. Take such other actions and do other such things as may be referred to it from time to time by the Board.

#### **VI. Committee Reports**

The Chair of the Committee will report regularly to the full Board on the Committee's activities, findings, and recommendations, including any recommended changes to the Committee's charter.

## VII. Resources and Authority of the Committee

The Committee has the authority in its sole discretion to retain or obtain the advice of a compensation consultant, legal counsel or other adviser, as it deems appropriate, and the Committee will be directly responsible for the appointment, compensation and oversight of the work of such advisors, with funding provided by the Corporation, as determined by the Committee. Without limiting the foregoing, the Committee will have sole authority to retain and terminate any compensation consultant to be used to assist the Committee in the evaluation of CEO, President or other senior executive compensation, and nothing herein will be construed: (i) to require the Committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel or other adviser to the Committee; or (ii) to affect the ability or obligation of a Committee to exercise its own judgment in fulfillment of the duties of the Committee.

The Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the Committee, other than in-house legal counsel, only after taking into consideration the following factors: (i) the provision of other services to the Corporation by the person that employs such adviser; (ii) the amount of fees received from the Corporation by the person that employs such adviser, as a percentage of the total revenue of the person that employs such adviser; (iii) the policies and procedures of the person that employs such adviser that are designed to prevent conflicts of interest; (iv) any business or personal relationship of such adviser with a member of the Committee; (v) any stock of the Corporation owned by such adviser; and (vi) any business or personal relationship of such adviser or the person employing the adviser with an executive officer of the Corporation.

The Committee is required to conduct the independence assessment outlined in the preceding paragraph with respect to any compensation consultant, legal counsel or other adviser that provides advice to the Committee, other than in-house legal counsel. Such adviser, however, is not required to be independent; rather, the Committee is only required to consider the enumerated independence factors before selecting, or receiving advice from such compensation adviser. The Committee may select, or receive advice from, any compensation adviser it prefers, including ones that are not independent, after considering the six independence factors outlined above. The Committee is not required to conduct an independence assessment for a compensation adviser that acts in a role limited to the following activities for which no disclosure is required under Item 407(e)(3)(iii) of Regulation S-K: (a) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Corporation, and that is available generally to all salaried employees; and/or (b) providing information that either is not customized for a particular issuer or that is customized based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.