
Securities and Exchange Commission
Washington, D.C. 20549

FORM 8-K

Current Report
Pursuant To Section 13 or 15(d) Of
The Securities Exchange Act of 1934

Date of Earliest Report Event: February 16, 2010

RICK'S CABARET INTERNATIONAL, INC.

(Exact Name of Registrant As Specified in Its Charter)

Texas
(State Or Other Jurisdiction of Incorporation)

001-13992
(Commission File Number)

76-0037324
(IRS Employer Identification No.)

10959 Cutten Road
Houston, Texas 77066
(Address Of Principal Executive Offices, Including Zip Code)

(281) 397-6730
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☒ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 8.01 OTHER EVENTS.

On February 16, 2010, Rick's Cabaret International, Inc. (the "Company"), VCG Holding Corp. ("VCG"), Troy Lowrie, VCG's Chairman and Chief Executive Officer, and Lowrie Management, LLLP ("Lowrie Management" and, together with Mr. Lowrie, "Lowrie"), entered into a non-binding (except as to certain provisions, including exclusivity and confidentiality) letter of intent (the "Letter of Intent"). Pursuant to the Letter of Intent, the Company has agreed to acquire all of the outstanding shares of common stock of VCG and VCG will merge with and into the Company or a wholly-owned subsidiary of the Company (the "Merger"). In the event the Merger is consummated, VCG will become a subsidiary of the Company and VCG's shareholders will become shareholders of the Company. The parties intend that the Merger will be structured to qualify as a tax-free reorganization under the Internal Revenue Code of 1986, as amended.

Pursuant to the Letter of Intent, VCG's shareholders will receive shares of common stock of the Company in exchange for their shares of VCG's common stock based on an exchange ratio that values each share of VCG's common stock between \$2.20 and \$3.80 per share. The applicable exchange ratio will be determined based on the weighted average closing price of the Company's common stock on the Nasdaq Global Market for the 20 consecutive trading days ending on the second trading day prior to the closing of the Merger. In the event the price per share of the Company's common stock as determined by this formula is below \$8.00, the Company may terminate the Merger agreement, subject to the payment to VCG of a termination fee to be negotiated by the parties in connection with the preparation of the Merger agreement. As of February 16, 2010 (assuming the Merger were to close on such date and the weighted average closing price per share of the Company's common stock for the 20 consecutive trading days ending on February 11, 2010 was equal to the closing price of the Company's common stock on February 11, 2010 of \$11.76 per share), the value of each share of VCG's common stock under this formula would be \$2.66 per share.

Contemporaneously with the closing of the Merger, the Company has agreed to acquire 5,770,197 shares of VCG's common stock held by Troy Lowrie and his affiliates (the "Lowrie Common Stock") for cash in an amount equal to the lesser of \$2.44 per share or the per share value of the common stock received by VCG's shareholders in the Merger. At Lowrie's election, Lowrie may receive the Company's common stock, at the same exchange ratio received by VCG's shareholders in the Merger, for up to 30% of the Lowrie Common Stock. In addition, Mr. Lowrie will (i) refinance (at a lower interest rate) and continue to carry a \$5.7 million note from VCG (as acquired by the Company), (ii) continue to personally guarantee certain VCG obligations in exchange for a to-be-determined fair market value cash payment for such guarantees, (iii) sell to the Company the outstanding capital stock of Club Licensing, Inc., a wholly-owned subsidiary of Lowrie Management, LLLP that owns the trademarks "Diamond Cabaret" and "PT's," (the "Trademarks") and (iv) enter into a three-year consulting agreement with the Company (collectively, the "Lowrie Transactions"). In exchange for the Lowrie Transactions, Mr. Lowrie shall receive the following: (a) a to-be-determined amount equal to the fair market value of the restructuring of the \$5.7 million note and continued personal guarantees (currently estimated to be \$2,000,000); (b) a to-be-determined amount equal to the fair market value of the Trademarks (currently estimated to be \$5,000,000); and (c) payment of \$1,000,000 over three years and a monthly expense allowance equal to \$1,500 under the consulting agreement. Assuming Mr. Lowrie elects to be paid solely in cash at a price of \$2.44 per share of VCG's common stock and the fair market value of the Lowrie Transactions is as set forth above (totaling \$7.0 million), Lowrie will receive aggregate payments of approximately \$26.8 million (which amount includes the restructuring of the existing \$5.7 million note held by Mr. Lowrie and excludes payments under the consulting agreement) in connection with the Merger, of which approximately \$16.8 million will be payable in cash at the closing of the Merger and \$10.0 million will be payable pursuant to a four-year promissory note from the Company bearing interest at 8.0% per annum.

The Letter of Intent also provides for a binding exclusivity period through March 12, 2010, during which time VCG has agreed, on behalf of itself and its representatives, to negotiate exclusively with the Company and has further agreed not to solicit any offer or engage in any negotiations other than with the Company for the merger, sale of the business or assets of VCG or tender or exchange offer for VCG's common stock. In the event VCG receives an unsolicited offer that is superior to the terms of the Merger (a "Superior Proposal") and the Company does not amend its offer within five business days of the date on which it receives notice of such Superior Proposal to be superior to the Superior Proposal, then VCG may terminate the Letter of Intent. If VCG terminates the Letter of Intent due to its receipt of a Superior Proposal, it has agreed to reimburse the Company for its out-of-pocket expenses and fees incurred in evaluating and negotiating the Merger in an amount not to exceed \$250,000 in the aggregate. If a definitive Merger agreement is not entered into by March 12, 2010, the Letter of Intent will automatically terminate, unless extended by the parties.

The Merger agreement is expected to contain customary representations and warranties including the absence of a material adverse change in the business of the Company and VCG prior to closing and other customary closing conditions, including but not limited to, the receipt of material consents, the approval of the Merger by the shareholders of the Company and VCG, and the effectiveness of a registration statement containing a joint proxy statement/prospectus filed with the Securities and Exchange Commission (the "SEC") on Form S-4 to be filed by the Company, which, among other things, registers the shares of common stock to be issued to VCG's shareholders in the Merger. There can be no assurance that VCG, the Company and Lowrie will enter into a definitive Merger agreement, that the entry into a definitive Merger agreement, if any, will result in the closing of any transaction or that the terms of any definitive Merger documents will reflect the terms of the proposed Merger as outlined in the Letter of Intent.

The foregoing description of the Letter of Intent is qualified in its entirety by the Letter of Intent attached hereto as Exhibit 99.1 and incorporated by reference herein.

On February 16, 2010, VCG issued a press release regarding the Letter of Intent. A copy of the press release is attached hereto as Exhibit 99.2 and incorporated herein by reference.

The Company, in its earnings call at 4:30 Eastern Time on February 16, 2010, discussed slides from a power point presentation, and a copy of such presentation is attached hereto as Exhibit 99.3 and incorporated herein by reference.

Additional Information and Where to Find It

In connection with the proposed Merger, VCG and the Company intend to file documents relating to the transaction with the SEC, including the registration statement to be filed by the Company containing the joint proxy/statement prospectus. **Investors are urged to read the joint proxy statement/prospectus regarding the proposed Merger, if and when it becomes available, because it will contain important information.** When it becomes available, shareholders and other investors will be able to obtain a free copy of the joint proxy statement/prospectus, and are able to obtain free copies of other filings and furnished materials containing information about VCG and the Company, at the SEC's internet website at www.sec.gov. Copies of the joint proxy statement/prospectus when it becomes available and any SEC filings incorporated by reference in the joint proxy statement/prospectus can also be obtained, without charge, by directing a request to VCG Holding Corp., 390 Union Boulevard, Suite 540, Lakewood, Colorado 80228, telephone (303) 934-2424, Attention: Courtney Cowgill, or to Rick's Cabaret International, Inc., 10959 Cutten Road, Houston, Texas, 77066, telephone (281) 397-6730, Attention: Phil Marshall.

Interests of Participants in the Solicitation of Proxies

Each of VCG and the Company and their respective directors and executive officers may be deemed to be "participants" in the solicitation of proxies in respect of the proposed transaction under SEC rules. Information regarding VCG's directors and executive officers is available in its definitive proxy statement on Schedule 14A filed with the SEC on April 30, 2009, and information regarding the Company's directors and executive officers is available in its definitive proxy statement on Schedule 14A filed with the SEC on July 7, 2009 and in its annual report on Form 10-K filed with the SEC on December 17, 2009. Copies of these documents can be obtained, without charge, at the SEC's internet website at www.sec.gov or by directing a request to VCG or the Company, as applicable, at the addresses above. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

Forward-Looking Statements

Certain statements contained in this Current Report on Form 8-K regarding the proposed Merger not constituting historical fact are "forward-looking statements" subject to the safe harbor created by the Private Securities Litigation reform Act of 1995. Where possible, the words "believe," "expect," "anticipate," "intend," "would," "will," "planned," "estimated," "potential," "goal," "outlook," and similar expressions, as they relate to the Company, its management or the proposed Merger have been used to identify such forward-looking statements. All forward-looking statements reflect only current beliefs and assumptions with respect to future business plans, prospects, decisions and results, and are based on information currently available to the Company. Accordingly, the statements are subject to significant risks, uncertainties and contingencies, which could cause the Company's actual operating results, performance or business plans or prospects to differ materially from those expressed in, or implied by, these statements. Such risks, uncertainties and contingencies include, but are not limited to, statements about whether the Company will enter into and close a definitive Merger agreement and other intentions and other statements that are not historical facts. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: (1) the occurrence of any event, change or other circumstance that could give rise to the termination of the Letter of Intent; (2) the outcome of any legal proceedings that may be instituted against the Company and others in connection with the proposed Merger; (3) the inability to complete the Merger due to the failure to obtain stockholder approval or satisfy other conditions to the closing of the Merger; (4) risks that the proposed Merger, including the uncertainty surrounding the closing of the Merger, will disrupt the current plans, operations and relationships of the Company, including as a result of undue distraction of management and personnel retention problems; (5) the risk that the businesses would not be integrated successfully; and (6) the amount of the costs, fees, expenses and charges related to the proposed Merger. Additional factors that could cause the Company's results to differ materially from those described in the forward-looking statements are described in the Company's Annual Report on Form 10-K filed with the SEC December 17, 2009 and the Company's other periodic and current reports filed with the SEC from time to time and available on the SEC's internet website at www.sec.gov <<http://www.sec.gov>>. Unless required by law, the Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits:

- [99.1](#) Letter of Intent between Rick's Cabaret International, Inc. and VCG Holding Corp.
- [99.2](#) Press Release dated February 16, 2010
- [99.3](#) Power Point Presentation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

RICK'S CABARET INTERNATIONAL, INC.

/s/ Eric Langan

By: Eric Langan

Chairman, President, Chief Executive Officer

Date: February 16, 2010



Rick's Cabaret International, Inc.

10959 Cullen Road
Houston, Texas 77066
281.397.6730
(NASDAQ:RICK)

LETTER OF INTENT

February 16, 2010

VCG Holding Corp.
Attn.: Courtney Cowgill
390 Union Boulevard, Suite 540
Lakewood, CO 80228

Lowrie Management, LLLP
Troy Lowrie
390 Union Boulevard, Suite 540
Lakewood, CO 80228

Dear Ms. Cowgill and Mr. Lowrie:

This letter (this “**Letter of Intent**”) will confirm the mutual intentions of Rick’s Cabaret International, Inc., a Texas corporation (“**RCI**”), Troy Lowrie, an individual, and Lowrie Management, LLLP, a Colorado limited liability limited partnership (“**Lowrie Management**” and, together with Mr. Lowrie, “**Lowrie**”), and VCG Holding Corp., a Colorado corporation (“**VCGH**”), regarding the acquisition by RCI of the outstanding shares of VCGH and certain related transactions as described below.

1. **Form of Transaction.** RCI, directly or through a newly formed, wholly-owned subsidiary, proposes to acquire VCGH through a merger transaction (the “**Merger**”) on the terms set forth herein and in a definitive merger agreement to be agreed among the parties (together with any ancillary agreements related thereto, the “**Merger Agreement**”). The Merger will be structured to qualify as a tax free reorganization under the Internal Revenue Code of 1986, as amended. In addition to the Merger, the Merger Agreement will provide for certain transactions between Lowrie and RCI as described below (collectively, the “**Lowrie Transactions**”).

2. **Consideration.** Upon the closing of the Merger (the “**Closing**”), VCGH stockholders will receive that number of shares of RCI common stock (“**RCI Common Stock**”) as determined by the ratios set forth below, based on the RCI Stock Price (as hereinafter defined):

<u>RCI Stock Price</u>	<u>Exchange Ratio</u> (No. of Shares of VCGH Common Stock to be Exchanged for One Share of RCI Common Stock)
\$8.00 – \$10.00 per share	RCI Stock Price divided by \$2.20
\$10.01 – \$11.00 per share	RCI Stock Price divided by \$2.44
\$11.01 – \$12.00 per share	RCI Stock Price divided by \$2.66
\$12.01 – \$13.00 per share	RCI Stock Price divided by \$2.76
\$13.01 - \$14.25 per share	RCI Stock Price divided by \$2.85
\$14.26 - \$16.50 per share	RCI Stock Price divided by \$3.00
\$16.51 - \$17.06 per share	RCI Stock Price divided by \$3.25
\$17.07 - \$19.95 per share	5.25 shares of VCGH Common Stock to 1 share of RCI Common Stock
In excess of \$19.95 per share	RCI Stock Price divided by \$3.80

The “ **RCI Stock Price** ” means the volume weighted average price (“ **VWAP** ”) of RCI Common Stock on the Nasdaq Global Market for the 20 trading days ending on the second trading day before the closing of the Merger.

Notwithstanding the foregoing, in the event that the RCI Stock Price is below \$8.00 per share, then RCI shall have the right in its sole discretion to terminate the Merger Agreement and the Merger Agreement shall be of no force or effect; provided, however, that RCI shall pay VCGH and Lowrie a to be negotiated termination fee in the event it terminates the Merger Agreement pursuant to the foregoing.

3. **Lowrie Transactions**. The Merger Agreement shall provide that, contemporaneously with the Closing, RCI and Lowrie shall consummate the “ **Lowrie Transactions** ,” which shall consist of:

- (i) RCI will acquire 5,770,197 shares of VCGH common stock held by Lowrie or any affiliated entities (the “**Lowrie Shares**”) for a purchase price of \$2.44 per share (the “ **Purchase Price** ”), provided that if the consideration paid to the other shareholders of VCGH at the Closing equals a price per share of less than \$2.44, then the Purchase Price to Lowrie shall be reduced to the equivalent price paid to the other shareholders of VCGH;
 - (ii) Notwithstanding 3.(i) immediately above, Lowrie shall have the right, at Closing, to accept RCI Common Stock for up to thirty percent (30%) of the Lowrie Shares for the identical consideration paid to the other shareholders of VCGH at the Closing;
 - (iii) RCI and Mr. Lowrie shall enter into an agreement pursuant to which Mr. Lowrie will receive a cash payment equal to the agreed upon fair market value (currently estimated to be \$2,000,000) of Lowrie’s commitment to (A) maintain his guarantees on existing loans made to VCGH, (B) agree to an interest rate reduction on his existing indebtedness with VCGH as described below and (C) restructure the payments of his existing loans to VCGH and enter into the new loan as described below;
 - (iv) RCI will enter into a consulting agreement with Mr. Lowrie, which will (A) have a three year term, (B) provide for an expense allowance of \$1,500.00 per month, (C) provide for annual payments to Mr. Lowrie of \$333,333.33 and (D) contain other customary terms; and
 - (v) RCI shall agree to acquire the outstanding capital stock of Club Licensing, Inc., a wholly owned subsidiary of Lowrie Management (subject to no debt), and Lowrie Management shall transfer and assign or shall cause to be transferred and assigned to RCI the trademarks “Diamond Cabaret” and “PT’s,” in each case for cash payments equal to the agreed upon fair market value (currently estimated to be \$5,000,000) of the transferred assets.
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The payments to be made as set forth above (other than payments to be made pursuant to the consulting agreement) shall be payable to Lowrie individually or to Lowrie Management, as the case may be, for a total aggregate consideration of \$26,779,280 (subject to agreement on fair market value as noted above), inclusive of existing indebtedness of VCGH to Lowrie of \$5,700,000, of which (i) \$16,778,280 (subject to agreement on fair market value as noted above) will be payable in cash at the Closing (assuming Lowrie takes all cash for the Lowrie Shares) and (ii) \$10,000,000 will be payable pursuant to a four (4) year promissory note bearing interest at eight percent (8%) per annum, payable interest only, in arrears, in equal monthly installments with principal due on the fourth anniversary of the promissory note, which promissory note includes the restructuring of the existing \$5,700,000 indebtedness of VCGH to Lowrie.

4. **Definitive Agreement.** The obligations of the parties to consummate the Merger and the Lowrie Transactions will be subject to the execution and delivery of a Merger Agreement, which shall contain representations and warranties, covenants (including a provision to the effect that RCI shall be entitled to a to be negotiated breakup fee as set forth in the Merger Agreement if VCGH accepts a Superior Proposal (as hereinafter defined)), conditions to the obligations of the respective parties and other terms customary in transactions of this kind and satisfactory in form and substance to the parties and their respective counsel. The Merger Agreement shall provide, among other things, for the following conditions to the Merger and the Lowrie Transactions:

- (i) The representations and warranties of RCI, VCGH and Lowrie shall be true and correct as of the Closing (subject to customary materiality qualifications) as though made at the Closing and there shall have been no material adverse change in the financial condition, results of operations, business, assets or liabilities of RCI or VCGH since the date of execution of the Merger Agreement;
 - (ii) A Registration Statement on Form S-4 registering the shares of RCI Common Stock to be issued in the Merger shall have been declared effective by the Securities and Exchange Commission, and such shall either have been registered under all applicable state "blue sky" laws or an exemption from registration shall be available thereunder;
 - (iii) All material regulatory and other consents (as determined by the parties in the due diligence process), rulings or approvals for the Merger and the Lowrie Transactions shall have been obtained;
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- (iv) Consummation of the Merger and the Lowrie Transactions shall not have been restrained, enjoined, or otherwise prohibited by any court of competent jurisdiction or governmental authority; and
- (v) The Merger shall have been approved by VCGH shareholders and the RCI shareholders.

5. **Negotiation of Merger Agreement**. RCI, Lowrie and VCGH will negotiate in good faith to enter into the Merger Agreement in no event later than March 12, 2010.

6. **No Shop**. During the period commencing on the date hereof and ending March 12, 2010, VCGH and its representatives shall negotiate exclusively with RCI and its representatives and shall not solicit any offer or engage in any negotiations other than with RCI for the merger or sale of the business or assets of VCGH or any material part thereof or for any tender or exchange offer for VCGH Common Stock. Notwithstanding the foregoing: (A) if VCGH or its representatives receive an unsolicited proposal from any Person (which term shall for these purposes include any group as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) other than RCI and its subsidiaries or affiliates, and such proposal shall be for (i) any tender or exchange offer for 20% or more of the equity of VCGH, (ii) any merger, consolidation or other business combination involving VCGH or any of its subsidiaries, (iii) any acquisition in any manner of 20% or more of the equity of, or 20% or more of the assets of VCGH or any of its subsidiaries, or (iv) any solicitation of proxies or consents from VCGH's stockholders relating to directors or an acquisition of control of VCGH, (B) in the opinion of VCGH's financial advisor such proposal is, or is reasonably likely to lead to, a proposal that is more favorable to the stockholders of VCGH than the offer presented by RCI, and (C) VCGH's board has determined in good faith after having been advised by outside counsel that failure to negotiate such proposal is likely to constitute a breach of the board's fiduciary duties under applicable law (i.e., a "**Superior Proposal**"), then VCGH shall give prompt notice to RCI of the receipt of any such Superior Proposal stating in reasonable detail the terms thereof, and RCI shall have five (5) business days within which to amend the terms of this Letter of Intent in order that the third party proposal is no longer a Superior Proposal. If RCI shall fail to so amend its offer, then the foregoing restrictions shall cease to apply and VCGH may terminate this Letter of Intent.

7. **Expenses**. Each party shall pay all of its own expenses incident to the preparation of the Merger Agreement and the Lowrie Transactions, provided, however, if the negotiations contemplated hereby are terminated or abandoned due to a Superior Proposal having been received by VCGH prior to March 12, 2010, then VCGH shall pay RCI within five days of such termination or abandonment an amount not to exceed \$250,000 in reimbursement of the reasonable out-of-pocket expenses and fees incurred by RCI in evaluating and negotiating the Merger, the Merger Agreement, the Lowrie Transactions and this Letter of Intent, including, but not limited to, all fees, expenses and disbursements of counsel, accountants, investment bankers and other representatives of RCI and its affiliates.

8. **Due Diligence**. As soon as practicable after execution of this Letter of Intent, RCI and its agents and employees shall be permitted to make a full and complete due diligence review of VCGH's business and affairs, and VCGH, Lowrie and their respective agents and employees shall be permitted to make a full and complete due diligence review of RCI's business and affairs, in each case subject to the applicable Confidentiality Agreements between RCI and VCGH and RCI and Lowrie (the "**Confidentiality Agreements**"). Each of RCI and VCGH shall cooperate fully with such review, including providing access to its premises and making available all of its documents, employees and agents necessary for same.

9. **Confidentiality; Public Announcements**. Promptly following the execution of this Letter of Intent, each of VCGH and RCI will issue press releases in a form to be agreed upon by each party hereto. The parties hereto shall consult with each other before issuing, and provide each other the opportunity to review and comment on, any press release or other public statements with respect to this Letter of Intent and the transactions contemplated hereby and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable law, court process or by obligations pursuant to any listing agreement with any national securities exchange or the Nasdaq Global Market.

10. **Termination of Letter of Intent**. In the event the parties fail to enter into the Merger Agreement on or before March 12, 2010, the understandings contained in this Letter of Intent, unless extended by mutual written agreement of the parties, shall terminate and be of no further force or effect, except for paragraphs 7, 9, 10, 11, 12 and 13, which shall survive any termination of this Letter of Intent.

11. **Governing Law**. This Letter of Intent shall be governed by and construed in accordance with the laws of the State of Colorado, without reference to the conflicts of laws provisions thereof.

12. **Authority to Execute.** Each party executing this Letter of Intent represents and warrants that such party has the legal authority to execute this Letter of Intent and that the execution has been duly authorized by all necessary corporate action in the case of VCGH and RCI.

13. **Binding Effect.** Except for the provisions of paragraphs 6, 7, 8, 9, 10, 11, 12 and 13 (the “**Binding Provisions**”), each of which shall be deemed to be an agreement and binding upon the parties, it is understood that this Letter of Intent does not constitute nor give rise to any legally binding commitment.

14. **Miscellaneous.** The Binding Provisions constitute the entire agreement between the parties regarding the subject matter of this Letter of Intent and supersede all prior oral or written agreements, understandings and dealings between the parties relating to the subject matter hereof other than the Confidentiality Agreements. The provisions of this Letter of Intent may not be amended or modified except pursuant to a written instrument signed by all the parties. This Letter of Intent may be executed in one or more counterparts, each of which shall be deemed an original copy of this Letter of Intent and all of which, when taken together, will be deemed to constitute one and the same agreement.

[SIGNATURE PAGES FOLLOW]

Please indicate your acceptance and approval of the foregoing statement of our mutual intentions, which intentions are subject in all respects to the execution and delivery of the Merger Agreement (except for the Binding Provisions, which shall be binding on all parties).

Sincerely,

RICK'S CABARET INTERNATIONAL, INC.

By: /s/ Eric Langan
Name: Eric Langan
Title: President

Accepted and Approved
as of the date first above written:

VCG HOLDING CORP.

By: /s/ Courtney Cowgill
Name: Courtney Cowgill
Title: Chief Financial Officer

LOWRIE MANAGEMENT, LLLP

By: Lowrie Investment Management, Inc.,
Its General Partner

By: /s/ Troy Lowrie
Name: Troy Lowrie
Title: President

/s/ Troy Lowrie
Troy Lowrie



RICK'S CABARET INTERNATIONAL, INC. AND VCG HOLDING CORP. ENTER INTO LETTER OF INTENT TO MERGE TO FORM THE LARGEST PUBLICLY TRADED NORTH AMERICAN GENTLEMEN'S CLUB OPERATOR

HOUSTON & DENVER - (February 16, 2010) - **Rick's Cabaret International, Inc.** (NASDAQ: RICK), **VCG Holding Corp.** (NASDAQ: VCGH) and Troy Lowrie and his affiliates have signed a letter of intent under which Rick's Cabaret will acquire all of the outstanding shares of VCG Holding to form the largest publicly traded operator of upscale gentlemen's clubs in North America, the two companies announced today.

Rick's Cabaret currently operates 18 nightclubs in seven states while VCG Holding operates 20 clubs in ten states. The two companies had combined revenues of \$131.3 million for the 12 month period ending September 30, 2009.

Eric Langan, President and CEO of Rick's Cabaret International, said: "The combination of these two companies will result in a powerful operator that we believe would have generated earnings before income tax and depreciation (EBITDA) for the 12 months ended September 30, 2009 of approximately \$25.3 million without any of the add-backs we anticipate we will achieve through synergistic cost savings. I am confident that the combined entities can achieve meaningful savings through streamlined management and elimination of duplicate costs associated with being two separate public companies, including lower legal and accounting expenses."

Troy Lowrie, Chairman and Chief Executive Officer of VCG Holding Corp., said: "We at VCG are very pleased that this merger will create the leading adult entertainment nightclub operator in the United States. There are significant similarities in the companies' cultures and capabilities, and this should ultimately be a great combination for our shareholders, customers, and employees. We believe that the combined company will be better positioned to generate strong financial results and capitalize on future growth opportunities."

Rick's Cabaret International currently operates clubs under the Rick's Cabaret brand in New York City, Las Vegas, Houston, Ft. Worth, Austin, Minneapolis and San Antonio; under the Tootsie's Cabaret brand in Miami; under the XTC Cabaret brand in Austin, Dallas, Houston (two clubs) and San Antonio; under the Club Onyx brand in Houston, Charlotte, Dallas and Philadelphia; and under Cabaret North in Ft. Worth. A Rick's Cabaret in Austin that had been closed temporarily is scheduled to re-open under a new concept next month.

VCG Holding operates Imperial Showgirls in Anaheim; Diamond Cabaret, La Boheme, The Penthouse Club, PT's Showclub, PT's All Nude, all in Denver; PT's Showclub in Colorado Springs, Portland Maine, Louisville and Miami; The Men's Club in Raleigh; PT's Brooklyn, PT's Centreville, PT's Sports, The Penthouse Club and Roxy's, all in East Saint Louis, Illinois; Jaguars in Dallas; Jaguars in Ft. Worth; PT's Showclub in Indianapolis; and Schieks Palace Royale in Minneapolis.

"The addition of the PT's Showclub brand and the opportunity to re-brand certain VCG Holding properties as Rick's Cabaret will be a great enhancement to our portfolio," Mr. Langan said. "Troy Lowrie has built a terrific organization that we expect will fit nicely with ours, giving us new strength in the Midwest and Western states in particular and added market strength in key areas where we both now operate competitively. We are pleased that Troy has agreed to stay on as a consultant."

Under the non-binding (except as to certain provisions, including exclusivity and confidentiality) letter of intent, the companies anticipate a potential merger (structured to qualify as a tax-free reorganization), in which VCG Holding's shareholders will receive shares of Rick's common stock based on certain exchange ratios valuing each share of VCG Holding's common stock between \$2.20 and \$3.80 per share, determined based on the weighted average closing price of Rick's common stock as traded on the Nasdaq Global Market for the 20 consecutive trading days ending on the second trading day prior to the closing of the Merger. As of February 16, 2010 (and assuming the potential merger were to close on such date and that the weighted average closing price per share of Rick's common stock for the 20 consecutive trading days ending on February 11, 2010 was equal to the closing price of Rick's common stock on February 11, 2010 of \$11.76 per share), the value of each share of VCG Holding's common stock under this formula would be \$2.66 per share. In the event the price per share of Rick's common stock as determined by this formula is below \$8.00, Rick's may terminate the merger agreement, subject to the payment to VCG Holding of a termination fee to be negotiated by the parties in connection with the preparation of the merger agreement.

Contemporaneously with the merger, Rick's will acquire 5,770,197 shares of VCG Holding common stock held by Troy Lowrie and his affiliates, for cash in an amount equal to the lesser of \$2.44 per share or the per share price of common stock received by VCG Holding's shareholders in the proposed merger. Mr. Lowrie may elect to receive shares of Rick's common stock at the same exchange rate received by VCG Holding's shareholders, for up to 30% of his VCG Holding common stock. In addition, in exchange for additional payments to be made to Mr. Lowrie as detailed in the letter of intent, Mr. Lowrie will refinance (at a lower interest rate) and continue to carry a \$5.7 million note from VCG Holding (as acquired by Rick's), continue to personally guarantee certain VCG Holding's obligations in exchange for a fair market value cash payment for such guarantees, sell to Rick's the outstanding capital stock of Club Licensing, Inc., a subsidiary of Lowrie Management, LLLP, sell to Rick's the trademarks "Diamond Cabaret" and "PT's," and enter into a three-year consulting agreement with Rick's.

The Letter of Intent also provides for an exclusivity period through March 12, 2010, during which time VCG Holding and its representatives agree to negotiate exclusively with Rick's, subject to termination and a termination fee payable to Rick's upon VCG Holding's receipt of a "superior proposal" to acquire 20% or more of VCG Holding, by way of a sale of assets, tender offer, merger, consolidation or other business combination, that in the opinion of VCG Holding's financial advisor, is, or is reasonably likely to lead to, a proposal that is more favorable to the shareholders of VCG Holding than the proposed merger. If definitive merger documents are not entered into as of such date, the letter of intent will terminate, unless otherwise extended by the parties. Under the letter of intent, the merger agreement is expected to contain customary representations and warranties including the absence of a material adverse change of Rick's and VCG Holding and other customary closing conditions, including but not limited to, the receipt of material consents, the approval of the merger by the shareholders of Rick's and of VCG Holding, and the effectiveness of a registration statement containing a joint proxy statement/prospectus filed with the Securities and Exchange Commission (the "SEC") on Form S-4 to be filed by Rick's, which, among other things, registers the shares of Rick's common stock to be issued to VCG Holding's shareholders in the merger. There can be no assurance that Rick's and VCG Holding will enter into any definitive transaction agreement, that the entry into a transaction agreement, if any, will result in the closing of any specific transactions, or that the terms of any definitive transaction documents will reflect the terms of the proposed merger as outlined in the letter of intent. A copy of the Letter of Intent has been filed on Form 8-K filed by both companies today with the Securities and Exchange Commission (the "SEC"). The definitive merger agreement, if consummated, will include final terms and conditions of the proposed transaction negotiated by the parties, and will be disclosed upon execution.

Additional Information and Where to Find It

In connection with the proposed merger, Rick's Cabaret International, Inc. ("Rick's") and VCG Holding Corp. ("VCG Holding") intend to file documents relating to the transaction with the SEC, including a registration statement containing a joint proxy statement/prospectus on Form S-4 to be filed by Rick's. **Investors are urged to read the joint proxy statement/prospectus regarding the proposed merger, if and when it becomes available, because it will contain important information.** When it becomes available, shareholders and other investors will be able to obtain a free copy of the joint proxy statement/prospectus, and are able to obtain free copies of other filings and furnished materials containing information about Rick's and VCG Holding at the SEC's internet website at www.sec.gov. Copies of the joint proxy statement/prospectus, when it becomes available, and any SEC filings incorporated by reference in the joint proxy statement/prospectus can also be obtained, without charge, by directing a request to Rick's Cabaret International, Inc., 10959 Cullen Road, Houston, Texas, 77066, telephone (281) 397-6730, Attention: Phil Marshall, or to VCG Holding Corp., 390 Union Boulevard, Suite 540, Lakewood, Colorado 80228, telephone (303) 934-2424, Attention: Courtney Cowgill.

Interests of Participants in the Solicitation of Proxies

Each of the Rick's and VCG Holding and their respective directors and executive officers may be deemed to be "participants" in the solicitation of proxies in respect of the proposed transaction under SEC rules. Information regarding Rick's directors and executive officers is available in its definitive proxy statement on Schedule 14A filed with the SEC on July 7, 2009 and in its annual report on Form 10-K filed with the SEC on December 17, 2009 and information regarding VCG Holding's directors and executive officers is available in its definitive proxy statement on Schedule 14A filed with the SEC on April 30, 2009. Copies of these documents can be obtained, without charge, at the SEC's internet website at www.sec.gov or by directing a request to the Rick's or VCG Holding, as applicable, at the addresses above. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

Forward Looking Statements

Certain statements contained in this press release regarding Rick's and VCG Holding's future operating results or performance or business plans or prospects and any other statements not constituting historical fact are "forward-looking statements" subject to the safe harbor created by the Private Securities Litigation reform Act of 1995. Where possible, the words "believe," "expect," "anticipate," "intent," "would," "will," "planned," "estimated," "potential," "goal," "outlook," and similar expressions, as they relate to either company or their management have been used to identify such forward-looking statements. All forward-looking statements reflect only current beliefs and assumptions with respect to future business plans, prospects, decisions and results, and are based on information currently available to the companies. Accordingly, the statements are subject to significant risks, uncertainties and contingencies, which could cause the companies' actual operating results, performance or business plans or prospects to differ materially from those expressed in, or implied by, these statements. Such risks, uncertainties and contingencies include, but are not limited to, statements about the benefits of the merger, including future financial and operating results, the companies' plans, objectives and expectations and other intentions and other statements that are not historical facts. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: (1) the risk of the failure of the companies' shareholders to approve the merger; (2) the risk that the businesses would not be integrated successfully; (3) the risk that the cost savings and any revenue synergies from the merger may not be fully realized or may take longer to realize than expected; (4) the risk that Rick's applicable average trailing twenty day average stock price per share may not equal or exceed \$8.00 pursuant to the formula in the merger agreement; (5) the applicable disruption from the merger may make it more difficult to maintain relationships with customers, employees or suppliers; and general economic conditions and uncertainties or consumer sentiment in the companies' markets. Additional factors that could cause the companies' results to differ materially from those described in the forward-looking statements are described in Rick's annual report on Form 10-K filed with the SEC December, 17, 2009 and VCG Holding's annual report on Form 10-K, as amended, filed with the SEC June 10, 2009, and Rick's and VCG Holding's other periodic and current reports filed with the SEC from time to time and available on the SEC's internet website at www.sec.gov. Unless required by law, neither Rick's nor VCG Holding undertakes any obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

About Rick's Cabaret:

Rick's Cabaret International, Inc. (NASDAQ: RICK) is home to upscale adult nightclubs serving primarily businessmen and professionals that offer live entertainment, dining and bar operations. Nightclubs in New York City, Miami, Philadelphia, New Orleans, Charlotte, Dallas, Houston, Minneapolis and other cities operate under the names "Rick's Cabaret," "XTC," "Club Onyx" and "Tootsie's Cabaret". Sexual contact is not permitted at these locations. Rick's Cabaret also operates a media division, ED Publications, and owns the adult internet membership website www.couplestouch.com as well as a network of online adult auction sites under the flagship URL www.naughtybids.com. Rick's Cabaret common stock is traded on NASDAQ under the symbol RICK. For further information contact ir@ricks.com.

About VCG Holding Corp.:

VCG Holding Corp. is an owner, operator, and consolidator of adult nightclubs throughout the United States. The Company currently owns 20 adult nightclubs located in Anaheim, Indianapolis, St. Louis, Denver, Colorado Springs, Ft. Worth, Dallas, Raleigh, Minneapolis, Louisville, Miami, and Portland, ME. For further information visit www.vcgh.com.

Contact: Rick's Cabaret International, Inc.: Allan Priaulx, 212-338-0050, allan@ricks.com, or VCG Holding Corp.: Courtney Cowgill, 303-934-2424, ccowgill@vcgh.com.



SAFE HARBOR

Certain statements contained in this presentation regarding Rick's and VCG Holding's future operating results or performance or business plans or prospects and any other statements not constituting historical fact are "forward-looking statements" subject to the safe harbor created by the Private Securities Litigation reform Act of 1995. Where possible, the words "believe," "expect," "anticipate," "intent," "would," "will," "planned," "estimated," "potential," "goal," "outlook," and similar expressions, as they relate to either company or their management have been used to identify such forward-looking statements. All forward-looking statements reflect only current beliefs and assumptions with respect to future business plans, prospects, decisions and results, and are based on information currently available to the companies. Accordingly, the statements are subject to significant risks, uncertainties and contingencies, which could cause the companies' actual operating results, performance or business plans or prospects to differ materially from those expressed in, or implied by, these statements. Such risks, uncertainties and contingencies include, but are not limited to, statements about the benefits of the merger, including future financial and operating results, the companies' plans, objectives and expectations and other intentions and other statements that are not historical facts. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: (1) the risk of the failure of the companies' shareholders to approve the merger; (2) the risk that the businesses would not be integrated successfully; (3) the risk that the cost savings and any revenue synergies from the merger may not be fully realized or may take longer to realize than expected; (4) the risk that Rick's applicable average trailing twenty day average stock price per share may not equal or exceed \$8.00 pursuant to the formula i in the merger agreement; (5) the applicable disruption from the merger may make it more difficult to maintain relationships with customers, employees or suppliers; and general economic conditions and uncertainties or consumer sentiment in the companies' markets. Additional factors that could cause the companies' results to differ materially from those described in the forward-looking statements are described in Rick's annual report on Form 10-K filed with the SEC December, 17, 2009 and VCG Holding's annual report on Form 10-K, as amended, filed with the SEC June 10, 2009, and Rick's and VCG Holding's other periodic and current reports filed with the SEC from time to time and available on the SEC's internet website at www.sec.gov. Unless required by law, neither Rick's nor VCG Holding undertakes any obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

Q1 2010 OVERVIEW



- **Review of Our Q1 2010 Performance**
 - **Highlights of Significant Q1 Events**
 - **Impact of Marketing Expenses**
 - **Discussion of Rick's Cabaret-VCG Holding Letter of Intent**
 - **Outlook for Remainder of Year**
 - **Q & A**
-

Q1 '10 SNAPSHOT vs. Q1 '09

- **Total Revenue \$20mm vs \$17.1mm in '09, Up 16.8% from Last Year**
 - **Same Store Sales up 14.5% over Q1 Last Year**
 - **Net Income \$782,688 in Q1 '10 vs \$790,832 in Q1 '09**
 - **EPS 8 cents, same as last year.**
 - **Primary Factors Were Acquisition Costs, Plus Increased Marketing**
 - **Marketing Expenses Have Been Reduced.**
 - **Las Vegas Turned a Profit in January**
 - **Cash Flow Continues Strong**
-

Q1 '10 HIGHLIGHTS

- **Clubs in Miami and New York Continue to Grow**
 - **While Competitors Cut Back We Invested in Pro-active Marketing Programs**
 - **This Has Paid Off, Earning Market Share**
 - **Rick's Cabaret/Las Vegas Profitable in January**
 - **Newly Acquired Clubs in Ft. Worth and Austin Off to Strong Start**
-

LAS VEGAS



- **Aggressive Marketing Campaign Continued to Earn Market Share**
 - **Profitable in January '10**
 - **Marketing Spending Has Been Reduced**
 - **Expect to Benefit from National Conventions in February, March, April**
-

New Clubs Strong



- Newest Clubs Contributed \$827,000 in Q1
 - Joy of Austin is Now Rick's Cabaret/Austin
 - Cabaret North in Ft. Worth Gained Market Share after Major Marketing Push; We Are Now Increasing Prices and Focusing on Bottom Line
 - New "Turnkey" DFW Airport Club Expected to Open in Fiscal '10
-



NEW YORK CITY

Record Months

- **New York City Continues Its Strong Growth, with Record Revenue Months in Q1**
 - **Becoming Popular Spot for High-Profile Parties (Howard Stern Gang, Vivid Entertainment)**
-

Tootsie's Cabaret MIAMI

- Super Bowl & Pro Bowl '10 Were Terrific - We Had Two Huge Weeks



VCG HOLDING ACQUISITION

- Letter of Intent Signed on Feb. 16, 2010
- Would Make Us Largest Operator of Upscale Clubs by Revenue , with 38 Locations (39th Coming in Austin in March; 40th at DFW in Fiscal '10)

Meaningful EBITDA Gains Expected from:

- Lower Corporate Overhead
 - Eliminating Duplicate Costs of Being Public
 - Regional Management Synergies
 - Better Corporate Buying Power
 - Brand Expansion of Rick's Cabaret
 - Financial Details of Proposed Transaction Available in Form 8-K Being Filed by Both Companies.
-

LOCATIONS OF RICK'S CABARET CLUBS



LOCATIONS OF VCG HOLDING CLUBS



RICK'S & VCG HOLDING LOCATIONS



Additional Information and Where to Find It

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OUTLOOK

- **We Reaffirm our Latest Guidance:**
 - * **Earnings in the Range of \$.95 to \$1.05 per share During Fiscal 2010**
 - * **Revenues will Range Between \$84mm and \$86mm**
 - **Q2 Starting Off Well, as Anticipated**
 - **VCG Holding Not Factored Into Guidance**
-



THANK YOU!

THOSE OF YOU IN THE NEW YORK AREA,
PLEASE JOIN US TONIGHT IN NYC FOR
SOME PERSONAL DUE DILIGENCE

50 West 33rd Street
