Dave & Buster's Entertainment, Inc.
Form S-1/A
August 25, 2011
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As filed with the Securities and Exchange Commission on August 24, 2011

Registration No. 333-175616

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 1 to

FORM S-1

REGISTRATION STATEMENT UNDER

THE SECURITIES ACT OF 1933

Dave & Buster s Entertainment, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**5812**	35-2382255
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

2481 Mañana Drive

Dallas, Texas 75220

(214) 357-9588

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Stephen M. King

Chief Executive Officer

Dave & Buster s Entertainment, Inc.

2481 Mañana Drive

Dallas, Texas 75220

(214) 357-9588

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to the public:

As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨ Accelerated filer ¨ Non-accelerated filer x Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common Stock, $0.01 par value	**$150,000,000**	**$17,415(3)**

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) promulgated under the Securities Act of 1933.
(2) Includes shares of common stock that may be purchased by the underwriters under their option to purchase additional shares of common stock, if any.
(3) Previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

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Subject to Completion. Dated August 24, 2011.

Prospectus

Shares

Dave & Buster s Entertainment, Inc.

Common Stock

This is an initial public offering of shares of common stock by Dave & Buster s Entertainment, Inc. Dave & Buster s Entertainment, Inc. is selling shares of common stock.

Prior to this offering there has been no public market for our common stock. The initial public offering price is expected to be between $ and $ per share. We intend to apply to list our common stock on either the New York Stock Exchange (NYSE) or The NASDAQ Stock Market LLC (NASDAQ) under the symbol PLAY.

Investing in our common stock involves a high degree of risk. See *Risk Factors* *beginning on page 17.*

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions	$	$

Proceeds to us, before expenses	$	$

The underwriters may also purchase up to an additional shares from the selling stockholders on a pro rata basis at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus. Dave & Buster s Entertainment, Inc. will not receive any of the proceeds from the shares of common stock sold by the selling stockholders pursuant to any exercise of the underwriters option to purchase additional shares.

The shares will be ready for delivery on or about , 2011.

Goldman, Sachs & Co. **Jefferies** **Piper Jaffray**

Raymond James **RBC Capital Markets**

Prospectus dated , 2011.

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is only accurate as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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PRESENTATION OF STORE LEVEL AND GUEST INFORMATION

Comparable store data presented in this prospectus relate to stores open at least 18 months as of the beginning of each of the relevant fiscal periods and excludes information for our one franchised store located in Canada. See Management s Discussion and Analysis of Financial Condition and Results of Operations.

This prospectus also contains information regarding guest feedback, guest satisfaction, guest demographics and other similar items. This information is based upon data collected by us during the periods presented. This information is reported voluntarily by our guests and thus represents responses from only a portion of the total number of our guests. We have not independently verified any of the demographic information collected from our guests. Over the periods presented, we have changed the form of reward for completing a survey, which resulted in an increase in the percentage of completed surveys, but we do not believe this has materially impacted the results. In addition, over the periods presented, we have added and deleted questions from the questionnaires, but have not made any changes to questions eliciting responses relating to the results presented in the prospectus. We use the information collected as one measure of the performance of our stores and use it to assess the success of our initiatives to improve the quality of the product we offer.

TRADEMARKS, SERVICE MARKS AND TRADE NAMES

We own or have rights to use the trademarks, service marks and trade names that we use in connection with the operation of our businesses. Our registered trademarks include Dave & Buster s®, Power Card®, Eat Drink Play® and Eat & Play Combo®. Other trademarks, service marks and trade names used in this prospectus are the property of their respective owners.

Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus are listed without the ® and symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights (or the rights of the applicable licensors) to these trademarks, service marks and trade names.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and may not contain all of the information that may be important to you. Before making an investment decision, you should read this entire prospectus, including our consolidated financial statements and the related notes included elsewhere herein. You should also carefully consider the information set forth under Risk Factors. In addition, certain statements include forward-looking information that is subject to risks and uncertainties. See Cautionary Statement Regarding Forward-Looking Statements. In this prospectus, unless the context otherwise requires, we, us, our, the Company and Dave & Buster s refers to Dave & Buster s Entertainment, Inc., its subsidiaries, and any predecessor companies, collectively.

Certain financial measures presented in this prospectus, such as Adjusted EBITDA, Adjusted EBITDA Margin, Store-level EBITDA and Store-level EBITDA margin, are not recognized terms under accounting principles generally accepted in the United States (GAAP). For a discussion of the use of these measures and a reconciliation to the most directly comparable GAAP measures, see pages 12-14, Summary Historical Financial and Other Data. We define high-volume dining and entertainment venues as those open for at least one full year and with average store revenues in excess of $5.0 million and define year one cash-on-cash return as year one Store-level EBITDA exclusive of national marketing costs divided by net development costs.

Company Overview

We are a leading owner and operator of high-volume venues that combine dining and entertainment in North America for both adults and families. Founded in 1982, the core of our concept is to offer our guests the opportunity to *Eat Drink Play* all in one location. We believe we are currently the only chain offering on a national basis a full menu of high-quality food items and a full selection of non-alcoholic and alcoholic beverage items together with an extensive assortment of entertainment attractions, including skill and sports-oriented redemption games, video games, interactive simulators and other traditional games. Unlike the strategy of many restaurants of shortening visit times by focusing on turning tables faster, we aim to increase the length of stay in our locations to generate incremental revenues and improve the guest s experience. While our guests are primarily a balanced mix of men and women aged 21 to 39, we believe we are also an attractive venue for families with children and teenagers. As of August 1, 2011, we owned and operated 57 stores in 24 states and Canada. In addition, there is one franchised store operating in Canada. The formats of our stores are flexible, which we believe allows us to size each store appropriately for each market in which we compete. Our stores average approximately 48,000 square feet, range in size between 16,000 and 66,000 square feet and are open seven days a week. For the twelve months ended May 1, 2011, we generated total revenues, Adjusted EBITDA and net income (loss) of $528.6 million, $93.0 million and $(6.0) million, respectively. For fiscal 2010 and the 13 weeks ended May 1, 2011, we had total revenues of $521.5 million and $148.6 million, respectively, Adjusted EBITDA of $86.3 million and $33.6 million, respectively, and net income (loss) of $(7.3) million (combined) and $5.2 million, respectively.

We believe we have an attractive store economic model that enables us to generate high average store revenues and Store-level EBITDA. For comparable stores in fiscal 2010, our average revenues per store were $9.8 million, average Store-level EBITDA was $2.1 million and average Store-level EBITDA margin was 22%. Furthermore, for that same period, all of our Dave & Buster s comparable stores had positive Store-level EBITDA, with over 85% of our stores generating more than $1.0 million of Store-level EBITDA each. After allocating corporate selling, general and administrative expenses, our corporate Adjusted EBITDA margin was 16.5% for fiscal 2010. A key feature of our business model is that approximately 49% of our total revenues for fiscal 2010 were from entertainment, which contributed a gross margin of 84% for the period.

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Since being taken private in 2006, when our current management team joined the Company, we have implemented a series of operating and strategic initiatives that we believe have streamlined our operations, reduced costs and positioned us for future growth. The operating initiatives undertaken by our management team include, among others, the implementation of new ordering technology and labor scheduling to drive productivity, the introduction of automated kiosks and related pricing strategies to reduce labor costs and increase revenues on each Power Card sold and centralization or restructuring of certain functions resulting in an overall reduction in staffing levels. These initiatives have helped to improve our operating income, which has increased from $8.0 million in fiscal 2006 (a 53-week year) to $28.0 million for the twelve months ended May 1, 2011 and our operating income margin, which has increased from 1.6% to 5.3% over the same period. Likewise, we have increased our Adjusted EBITDA from $70.5 million in fiscal 2006 to $93.0 million for the twelve months ended May 1, 2011 and increased our Adjusted EBITDA margins over the same period from 13.8% to 17.6%. We believe that the low variable cost of our business model, effective management of our corporate cost structure and national marketing expenditures create operating leverage in our business, which we believe will allow us to increase revenues within our existing operations without a proportional increase in costs. As a result, while there is no guarantee that we will do so, we believe we have the potential to improve margins further and deliver greater earnings from any increases in comparable store sales. While we have implemented initiatives focused on our cost structure, we have simultaneously increased our guest satisfaction in both food and entertainment, based on the results of our periodic Guest Satisfaction Survey.

Our management team has also refined our large store format and developed a new small store format, which we believe will allow us to increase the number of markets in which we can grow. Both of our new store formats are smaller and less expensive to build, which we believe will help us to achieve our targeted cash-on-cash returns. With respect to stores we expect to open in the near term, we are targeting a year one cash-on-cash return of 25% to 35% for both our large format and small format store openings, and, since the beginning of 2008, our eight store openings (that have been open for more than 12 months) have generated average year one cash-on-cash returns of 29.4%.

Eat Drink Play The Core of Our National Concept

When our founders opened our first location in Dallas, Texas in 1982, they sought to create a dining concept with a fun, upbeat atmosphere providing interactive entertainment options for adults and families, while serving high-quality food and beverages. Since then we have followed the same principle for each new store, and in doing so we believe we have developed a distinctive brand based on our guest value proposition: *Eat Drink Play*. The interplay between entertainment, dining and full-service bar areas is the defining feature of the Dave & Buster s guest experience, and the layout of each store is designed to promote crossover between these activities. We believe this combination creates an experience that cannot be easily replicated at home or elsewhere without having to visit multiple destinations. Our locations are also designed to accommodate private parties, business functions and other corporate sponsored events.

We seek to distinguish our food menu from other casual dining concepts. Our recently reengineered menu includes items that we believe reinforce the fun of the Dave & Buster s brand. Recent additions to the menu have become top sellers within their categories. We believe we offer high-quality meals, including gourmet pastas, choice-grade steaks, premium sandwiches, decadent desserts and health-conscious entrée options that compare favorably to those of other higher end casual dining operators. Each of our locations also offers full bar service including a variety of beers, signature cocktails, premium spirits and nonalcoholic beverages. Food and beverage accounted for approximately 51% of our total revenues during fiscal 2010.

The Midway in each of our stores is an area where we offer a wide array of amusements and entertainment options, with typically over 150 redemption and simulation games. We believe the entertainment options in our Midway are a core differentiating feature of our brand, and our amusement and other revenues accounted for approximately 49% of our total revenues during fiscal 2010. Redemption games, which represented 75% of our amusement and other revenues in fiscal 2010, offer our guests the opportunity to win tickets that are redeemable at our Winner s Circle for prizes ranging from branded novelty items to high-end home electronics. We believe this opportunity to win creates a fun and highly energized social experience that is an important aspect of the Dave & Buster s in-store experience and cannot be replicated at home. Our video and simulation games, many of which can be played by multiple guests simultaneously and which include some of the latest high-tech games commercially available, represented 21% of our amusement and other revenues in fiscal 2010. Traditional amusements, which include billiards, bowling and shuffleboard tables, represented the remainder of our amusement and other revenues. Each of our stores also contains multiple large screen televisions and high quality audio systems providing guests with a venue for watching live sports and other televised events.

Our Company s Core Strengths

We believe we benefit from the following strengths:

Strong, distinctive brand with broad guest appeal. We believe that the multi-faceted guest experience of *Eat Drink Play* at Dave & Buster s, supported by our marketing campaigns as well as our 28 year history, have helped us create a widely recognized brand with no direct national competitor that combines all three elements in the same way. This is evidenced by our brand s consumer awareness of over 90% in our existing trade areas. Our brand s connection with its guests is evidenced by our guest loyalty program that, as of June 2011, had over 1.5 million members, which represents an increase of 46% since June 2010. Our guest research shows that our brand appeals to a balanced mix of male and female adults, primarily between the ages of 21 and 39, as well as families and teenagers. Based on guest survey results, we also believe that the average household income of our guests is approximately $70,000, which we believe is representative of an attractive demographic.

Multi-faceted guest experience and strong value proposition. We believe that our combination of interactive entertainment, high-quality dining and full-service beverage offerings, delivered in a highly-energized atmosphere that caters to both adults and families, provides a multi-faceted guest experience that cannot be replicated at home or elsewhere without having to visit multiple destinations. We also believe that the cost of visiting a Dave & Buster s offers a value proposition for our guests comparable or superior to many of the separately available dining and entertainment options.

Store economic model capable of delivering diversified cash flows and strong cash-on-cash returns. We believe our store economic model provides certain benefits in comparison to traditional restaurant concepts, which we believe helps increase our average store revenues and Store-level EBITDA. Our entertainment offerings have low variable costs and produced gross margins of 84% for fiscal 2010. With approximately half of our revenues from entertainment, we believe we have less exposure than traditional restaurant concepts to food costs, which represented only 9% of our revenues in fiscal 2010. We believe that the low variable cost of our business model, our national marketing expenditures and effective management of our current corporate cost structure, which we believe has benefited from the operating initiatives implemented by management in recent years, creates operating leverage in our business. As a result, we believe we have the potential to further improve margins and deliver greater earnings from any increases in comparable store sales. For example, with comparable store sales growth of 6.2% in the first quarter of fiscal 2011 over the comparable period in 2010, our operating income and operating income margin increased by 48.5% and 361 basis points, respectively, in the first quarter of fiscal 2011 over the comparable period in 2010, and our Adjusted EBITDA and Adjusted EBITDA margin increased by 24.7% and 359 basis points, respectively, in the first quarter of fiscal 2011 over the comparable period in 2010. We believe the combination of our improved store-level margins and our refined new store formats, which are less expensive to build, will help us achieve our targeted year one cash-on-cash returns of 25% to 35% for both our large format and small format store openings. Since the beginning of fiscal 2008, our eight store openings (that have been open for more than 12 months) have generated average year one cash-on-cash returns of 29.4%. We define strong cash-on-cash returns as those greater than 20%.

History of product innovation and successful marketing initiatives. We have a history of implementing what we consider to be innovative marketing initiatives, including our Eat & Play Combo, higher Power Card denominations, Super Charge up-sell and Half-Price Game Play on Wednesdays, which we believe have helped increase guest visits while encouraging them to participate more fully across our range of food, beverage and entertainment offerings. We are continuously working with game manufacturers and food providers to create new games and food items to retain and generate guest traffic. We also take advantage of our proprietary technology linking games with Power Cards to change prices and offer promotions to increase the overall performance of our stores and to increase the efficiency of the Midway.

Commitment to guest satisfaction. While we have been focused on margin enhancing initiatives, we have simultaneously improved our guest satisfaction levels. Through the implementation of guest feedback tools throughout the organization, including a periodic Guest Satisfaction Survey and Quarterly Brand Health Study, we collect information from our guests that helps us to improve and enhance the overall guest experience. We have identified several key drivers of guest satisfaction, and have initiated programs to improve focus on these drivers while improving our cost structure. The percentage of guest survey respondents rating us Top Box in our Guest Satisfaction Survey has improved significantly over the past several years. Between fiscal 2007 when the surveys began and fiscal 2010, the number of guests responding Very Likely on Intent to Recommend to a Friend, Relative or Colleague increased from 64.8% to 77.4%. The number of guests responding Excellent on Food Quality increased from 37.9% to 69.0%. Most importantly, the percentage of Excellent scores for Overall Experience increased from 44.0% to 73.2% over the same period. The Guest Satisfaction Survey information is reported voluntarily by our guests, and we encourage participation in our feedback tools through promotional offers. In early 2010, we changed the form of reward for completing the survey, which resulted in an increase in the percentage of completed surveys, but we do not believe has materially impacted the results.

Management team with track record of delivering results. We believe we are led by a strong management team with extensive experience with national brands in all aspects of casual dining and entertainment operations. In 2006, we hired our Chief Executive Officer, Stephen King. From fiscal 2006 to the twelve months ended May 1, 2011, under the leadership of Mr. King, Adjusted EBITDA has grown by over 30%, Adjusted EBITDA margins have increased by approximately 380 basis points and employee turnover and guest satisfaction metrics have improved significantly. Our senior management team is also economically aligned with other shareholders. In connection with the acquisition of Dave & Buster s by Oak Hill Capital Partners, our management team has invested approximately $4.6 million of cash in the equity of Dave & Buster s and currently owns 10.9% of the equity on a fully diluted basis. We believe that our management team s prior experience in the restaurant and entertainment industries combined with its success at Dave & Buster s in recent years provides us with insights into our guest base and enables us to create the dynamic environment that is core to our brand.

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Our Growth Strategies

The operating strategy that underlies the growth of our concept is built on the following key components:

Pursue disciplined new store growth. We will continue to pursue a disciplined new store growth strategy in both new and existing markets where we believe we are capable of achieving consistent high store revenues and strong store-level cash-on-cash returns. We have created a new store expansion strategy and rebuilt our pipeline of potential new stores by instituting a site selection process that allows us to evaluate and select our new store location, size and design based on consumer research and analysis of operating data from sales in our existing stores. Where permitted, we also collect home zip code information from our guests on a voluntary basis through the Power Card kiosks in our existing stores, which allows us to determine how far they have traveled to reach that particular store. Our site selection process and flexible store design enable us to customize each store with the objective of maximizing return on capital given the characteristics of the market and location. We expect our new large format stores to be approximately 35,000 40,000 square feet and our small format stores to be approximately 22,000 25,000 square feet, which provides us the flexibility to enter new smaller markets and further penetrate existing markets. These formats also provide us the flexibility to choose between building new stores or converting existing space. With respect to stores we expect to open in the near term, we are targeting a year one cash-on-cash return of 25% to 35% for both our large format and small format store openings, levels that are consistent with the average of Dave & Buster s store openings in recent years. To achieve this return we target a ratio of first year store revenues to net development costs of approximately one-to-one and Store-level EBITDA margins, excluding national marketing costs, of 27% to 30%. We also target average net development costs of approximately $10 million for large format stores and approximately $6 million for small format stores.

We believe the Dave & Buster s brand is significantly under-penetrated, with internal studies and third-party research suggesting a total store universe in the United States and Canada in excess of 150 stores (including our 57 existing stores), approximately two and a half times our current store base. We currently plan to open three stores in fiscal 2011 (including our store in Orlando, Florida that opened in July 2011), three stores in fiscal 2012 and six stores in fiscal 2013, which we expect will be financed with available cash and operating cash flows. Thereafter, we believe there is potential to continue opening new stores at an annual rate of approximately 10% of our then existing store base.

Grow our comparable store sales. We intend to grow our comparable store sales by seeking to differentiate the Dave & Buster s brand from other food and entertainment alternatives, through the following strategies:

Enhance our food and beverage offerings: We frequently test new menu items and seek to improve our food offering to better align with the Dave & Buster s brand. To further reinforce the fun of our brand, our new menu includes familiar food items served in presentations that we view as distinctive and appealing to our guests. In fiscal 2010, our comparable store sales were favorably impacted by our newly reengineered menu and the introduction of new menu items, including our top selling appetizer.

Maintain the latest exciting entertainment options: We believe that our entertainment options are the core differentiating feature of the Dave & Buster s brand, and staying current with the latest offerings creates excitement and helps drive repeat visits and increase length of guest stay. In fiscal 2011, we expect to spend an average of one hundred sixty-four thousand dollars per store on game refreshment, which we believe will drive brand relevance and comparable store sales growth. Further, we intend to upgrade viewing areas by introducing televisions in

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excess of 100 inches in stores within key markets in order to capture a higher share of the sports-viewing guest base. We also plan to elevate the redemption experience in our Winner s Circle with prizes that we believe guests will find more attractive, which we expect will favorably impact guest visitation and game play.

Enhance brand awareness and generate additional visits to our stores through innovative marketing and promotions: To further national awareness of our brand, we plan to continue to invest a significant portion of our marketing expenditures in television advertising. We have recently launched customized local store marketing programs to increase new visits and repeat visits to individual locations. Our guest loyalty program currently has approximately 1.5 million members, and we are aggressively improving our search engine and social marketing efforts. Our loyalty program and digital efforts allow us to communicate promotional offers directly to our most passionate brand fans. We also leverage our investments in technology across our marketing platform, including in-store marketing initiatives to drive incremental sales throughout the store.

Grow our special events usage: We plan to utilize existing and add new resources to our special events sales force as the corporate special events market improves the special events portion of our business represented 12% of our total revenues in fiscal 2010. We believe our special events business is an important sampling and promotional opportunity for our guests because many guests are experiencing Dave & Buster s for the first time.

Continue to enhance margins. We believe we are well-positioned to continue to increase margins and have additional opportunities to reduce costs. Based on the operating leverage generated by our business model as described above, which we believe has benefited from the operating initiatives implemented by management in recent years and our national marketing expenditures, we believe we have the potential to further improve margins and deliver greater earnings from expected future increases in comparable store sales. Under our current cost structure, we estimate that more than 50% of any comparable store sales growth would flow through to our Adjusted EBITDA. We also believe that improved labor scheduling technology will allow us to further increase labor productivity in the future. Our continued focus on operating margins at individual locations and the deployment of best practices across our store base is expected to yield incremental margin improvements, although there is no guarantee that we will be able to achieve greater margins or greater earnings in the future.

There is no guarantee that we will be successful in implementing aspects of our growth strategy, including with respect to the rate at which we open new stores or our ability to improve margins and increase earnings. See Risks Associated With Our Business and Risk Factors elsewhere in this prospectus for risks associated with our ability to execute our growth strategy.

Use of Proceeds

We intend to use the net proceeds from this offering to reduce our aggregate indebtedness by approximately $ million, as well as to pay related premiums, interest and expenses. After applying the proceeds from this offering, our aggregate indebtedness will be approximately $ million on a pro forma basis as of May 1, 2011. See *Use of Proceeds* and *Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.*

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Corporate History

We opened our first store in Dallas, Texas in 1982 and since then we have expanded our portfolio nationally to 57 stores across 24 states and Canada.

From 1997 to early 2006, we operated as a public company under the leadership of our founders, David Dave Corriveau and James Buster Corley. In March 2006, Dave & Buster s, Inc. was acquired by Dave & Buster s Holdings, Inc. (D&B Holdings), a holding company controlled by affiliates of Wellspring Capital Partners III, L.P. (Wellspring) and HBK Main Street Investors L.P. (HBK). In connection with the acquisition of Dave & Buster s by Wellspring and HBK, Dave & Buster s common stock was delisted from the New York Stock Exchange. In addition, in 2006, we hired our current management team led by our Chief Executive Officer, Stephen King.

On June 1, 2010, Dave & Buster s Entertainment, Inc. (formerly known as Dave & Buster s Parent, Inc. and originally named Games Acquisition Corp.), a newly-formed Delaware corporation owned by Oak Hill Capital Partners III, L.P. and Oak Hill Capital Management Partners III, L.P. (collectively, the Oak Hill Funds and together with their manager, Oak Hill Capital Management, LLC, and its related funds, Oak Hill Capital Partners) acquired all of the outstanding common stock (the Acquisition) of D&B Holdings from Wellspring and HBK. In connection therewith, Games Merger Corp., a newly-formed Missouri corporation and an indirect wholly-owned subsidiary of Dave & Buster s Entertainment, Inc., merged (the Merger) with and into D&B Holdings wholly-owned, direct subsidiary, Dave & Buster s, Inc. (with Dave & Buster s, Inc. being the surviving corporation in the Merger). In applying purchase price accounting from the Acquisition, based on internal and external fair value assessments, an aggregate $267.5 million increase in the carrying value of our long-lived assets was recognized, including a $222.5 million increase in indefinite-lived assets not subject to amortization, a $29.1 million increase in assets that have annual depreciation expense recognized and a $15.9 million increase in other amortizing long-lived assets. As a result of the Acquisition and certain post-acquisition activity, the Oak Hill Funds directly control approximately 95.7% of our outstanding common stock and have the right to appoint certain members of our Board of Directors, and certain members of our Board of Directors and management control approximately 4.3% of our outstanding common stock. Upon completion of this offering, the Oak Hill Funds will beneficially own approximately % of our outstanding common stock, or % if the underwriters exercise their option to purchase additional shares in full, and certain members of our Board of Directors and our management will beneficially own approximately % of our common stock or % if the underwriters exercise their option to purchase additional shares in full. The Oak Hill Funds and certain members of our Board of Directors and our management who are party to a stockholders agreement will continue to own a majority of the voting power of our outstanding common stock. As a result, we will be a controlled company within the meaning of the corporate governance standards of the NYSE and NASDAQ. See Principal Stockholders.

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Ownership Structure

The following chart gives effect to our ownership structure after giving effect to this offering(1):

(1) Assumes an offering at a price per share of $, the midpoint of the price range set forth on the cover of this prospectus, and excludes the exercise of the option to purchase additional shares.

Oak Hill Capital Partners

Oak Hill Capital Partners is a private equity firm with committed capital from leading entrepreneurs, endowments, foundations, corporations, pension funds and global financial institutions. The funds managed by Oak Hill Capital Partners were formed with over $8 billion of initial capital commitments. Over 25 years, the professionals at Oak Hill Capital Partners and its predecessors have invested in more than 70 significant private equity transactions across broad segments of the U.S. and global economies. Oak Hill Capital Partners applies a theme-based approach to investing across six key industry sectors (Basic Industries, Business and Financial Services, Consumer, Retail and Distribution, Healthcare, Media and Telecommunications, and Technology). Oak Hill Capital Partners seeks to invest in middle-market companies with strong fundamentals, favorable competitive positions, attractive growth prospects and experienced management teams. Dave & Buster s represents a core investment theme of the firm s Consumer, Retail and Distribution team, which has experience investing in the restaurant and specialty retail sectors. Oak Hill Capital Partners is one of several independently managed firms (which may work together from time to time) operating with the Oak Hill name and investing in various asset classes, including equity and debt securities.

After completion of this offering, the Oak Hill Funds and certain members of our Board of Directors and our management who are party to a stockholders agreement will continue to own a majority of the voting power of our outstanding common stock. See Principal Stockholders. As a result, the Oak Hill Funds and these parties will hold the power to elect a majority of the seats on our Board of Directors upon the completion of this offering. When conflicts arise between the interests of the Oak Hill Funds or their affiliates and the interests of our stockholders, these directors may not be disinterested. The representatives of the Oak Hill Funds on our Board of Directors, by the terms of our amended and restated certificate of incorporation, are not required to offer us any transaction opportunity of which they become aware and could take any such opportunity for themselves or offer it to other companies in which they have an investment, unless such opportunity is expressly offered to them solely in their capacity as our directors. See Risk Factors Conflicts of interest may arise because some of our directors are principals of our principal stockholder.

Corporate Information

Our corporate headquarters is located at 2481 Mañana Drive, Dallas, Texas, and our telephone number is (214) 357-9588. Our website is www.daveandbusters.com. Information contained on our website does not constitute a part of this prospectus.

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The Offering

Shares of Common Stock Offered by us	shares.
Shares of Common Stock to be Outstanding After This Offering	shares.
Option to Purchase Additional Shares	The underwriters have an option to purchase a maximum of additional shares of our common stock from the selling stockholders on a pro rata basis. The underwriters can exercise this option at any time within 30 days from the date of this prospectus.
Use of Proceeds	We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and estimated offering expenses, will be approximately $ million, assuming the shares are offered at $ (the midpoint of the price range set forth on the cover of this prospectus). We intend to use these net proceeds to pay down a portion of our existing indebtedness, which may include the existing discount notes, the existing senior notes and the term loan portion of our senior secured credit facility and to pay fees and expenses associated with the offering. We will not receive any proceeds from the sale of our common stock by the selling stockholders if the underwriters exercise their option to purchase additional shares. See *Use of Proceeds*.
Dividend Policy	We do not anticipate paying any dividends on our common stock, however, we may change this policy in the future. See *Dividend Policy*.
Proposed NYSE or NASDAQ Symbol	PLAY
Risk Factors	You should carefully read and consider the information set forth under Risk Factors beginning on page 15 of this prospectus and all other information set forth in this prospectus before investing in our common stock.

Unless otherwise indicated, the number of shares of common stock to be outstanding after this offering:

- excludes shares of our common stock issuable upon exercise of stock options and shares of our common stock to be reserved for future grants under our Dave & Buster s Parent, Inc. 2010 Management Incentive Plan (the Stock Incentive Plan).

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Unless otherwise noted, the information in this prospectus:

- gives effect to a for 1 stock split of our common stock prior to the consummation of this offering;
- gives effect to our amended and restated certificate of incorporation, which will be in effect prior to the consummation of this offering;
- assumes no exercise of the underwriters option to purchase up to additional shares from the selling stockholders; and
- assumes an initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus.

Risks Associated With Our Business

Our business is subject to numerous risks, which are highlighted in the section entitled *Risk Factors*. These risks represent challenges to the successful implementation of our strategy and the growth of our business. Some of these risks are:

- our ability to open new stores and operate them profitably;
- changes in discretionary spending by consumers and general economic conditions;
- our ability to compete favorably in the out-of-home and home-based entertainment and restaurant markets;
- unauthorized use of our intellectual property;
- damage to our brand or reputation;
- failure or destruction of our information systems and other technology that support our business;
- seasonality of our business and the timing of new openings and other events; and
- availability and cost of food and other supplies.

For a discussion of these and other risks you should consider before making an investment in our common stock, see the section entitled *Risk Factors*.

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Summary Historical Financial and Other Data

Set forth below are our summary consolidated historical and pro forma and other data. Accounting principles generally accepted in the United States require operating results for D&B Holdings prior to the Acquisition completed June 1, 2010 to be presented as the results of the Predecessor in the historical financial statements. Operating results of Dave & Buster s Entertainment, Inc. subsequent to the Acquisition are presented as the results of the Successor and include all periods including and subsequent to June 1, 2010.

Dave & Buster s Entertainment, Inc. has no material assets or operations other than 100% ownership of the outstanding common stock of D&B Holdings. D&B Holdings has no other material assets or operations other than 100% ownership of the outstanding common stock of Dave & Buster s, Inc.

The statement of operations and cash flows data for the 244 day period from June 1, 2010 to January 30, 2011 (Successor) and the balance sheet data as of January 30, 2011 (Successor) were derived from our audited consolidated financial statements included elsewhere in this prospectus. The statement of operations and cash flows data for each of the 120 day period from February 1, 2010 to May 31, 2010 (Predecessor) and the fiscal years ended January 31, 2010 (Predecessor) and February 1, 2009 (Predecessor) were derived from the Predecessor s audited consolidated financial statements included elsewhere in this prospectus. The balance sheet data as of January 31, 2010 (Predecessor) was derived from the Predecessor s audited consolidated financial statements included elsewhere in this prospectus. The statement of operations and cash flows data for each of the 13 weeks ended May 1, 2011 (Successor) and the 13 weeks ended May 2, 2010 (Predecessor), and the balance sheet data as of May 1, 2011 (Successor) were derived from the unaudited consolidated financial statements included elsewhere in this prospectus. In the opinion of management, the unaudited consolidated financial statements include all normal recurring adjustments necessary to present fairly the data for such periods and as of such dates.

The summary of historical financial and other data should be read in conjunction with *Selected Consolidated Financial Data*, *Management s Discussion and Analysis of Financial Condition and Results of Operations*, our historical consolidated financial statements and the historical consolidated financial statements of the Predecessor and the notes related thereto, included elsewhere in this prospectus. All dollar amounts are presented in thousands except per share amounts.

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	13 Weeks Ended		244 Day Period from June 1, 2010 to January 30, 2011	120 Day Period from February 1, 2010 to May 31, 2010	Fiscal Year Ended		
	May 1, 2011	May 2, 2010			January 30, 2011(1)	January 31, 2010	February 1, 2009
	(Successor)	(Predecessor)	(Successor)	(Predecessor)	(Combined)	(Predecessor)	(Predecessor)
Statement of Operations Data:							
Revenues:							
Food and beverage revenues	$ 74,262	$ 71,357	$ 177,044	$ 90,470	$ 267,514	$ 269,973	$ 284,779
Amusement and other revenues	74,341	70,218	166,489	87,536	254,025	250,810	248,579
Total revenues	$ 148,603	$ 141,575	$ 343,533	$ 178,006	$ 521,539	$ 520,783	$ 533,358
Operating costs:							
Cost of products:							
Cost of food and beverage	17,952	17,277	41,890	21,817	63,707	65,349	70,520
Cost of amusement and other	10,347	10,586	26,832	13,442	40,274	38,788	34,218
Total cost of products	28,299	27,863	68,722	35,259	103,981	104,137	104,738
Operating payroll and benefits	34,266	33,468	85,271	43,969	129,240	132,114	139,508
Other store operating expenses	45,105	45,605	111,456	59,802	171,258	174,685	174,179
General & administrative expenses(2)	8,811	8,618	25,670	17,064	42,734	30,437	34,546
Depreciation & amortization expense(3)	13,070	12,500	33,794	16,224	50,018	53,658	49,652
Pre-opening costs	740	1,189	842	1,447	2,289	3,881	2,988
Total operating costs	130,291	129,243	325,755	173,765	499,520	498,912	505,611
Operating income	18,312	12,332	17,778	4,241	22,019	21,871	27,747
Interest expense, net	10,657	5,348	25,486	6,976	32,462	22,122	26,177
Income (loss) before provision (benefit) for income taxes	7,655	6,984	(7,708)	(2,735)	(10,443)	(251)	1,570
Provision (benefit) for income taxes	2,477	3,073	(2,551)	(597)	(3,148)	99	(45)
Net income (loss)	$ 5,178	$ 3,911	$ (5,157)	$ (2,138)	$ (7,295)	$ (350)	$ 1,615
Net income (loss) per share of common stock:							
Basic	$ 30.17	*	$ (21.07)	*	*	*	*
Diluted	$ 29.93	*	$ (21.07)	*	*	*	*
Weighted average number of shares outstanding:							
Basic	171,630	*	244,748	*	*	*	*
Diluted	173,002	*	244,748	*	*	*	*
As Adjusted Consolidated Statements of Operations Data(4):							
As Adjusted net income							
As Adjusted earnings per share:							
Basic							
Diluted							
As Adjusted weighted average shares outstanding:							
Basic							
Diluted							

Statement of Cash Flow Data:							
Cash provided by (used in):							
Operating activities	$ 21,378	$ 9,445	$ 25,240	$ 11,295	$ 36,535	$ 59,054	$ 52,197
Investing activities	(7,532)	(6,985)	(102,744)	(12,975)	(115,719)	(48,406)	(49,084)
Financing activities	(675)	(125)	97,034	(125)	96,909	(2,500)	(13,625)

* Not meaningful.

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	As of May 1, 2011	
	Actual (Unaudited)	As Adjusted(4) (Unaudited)
Balance Sheet Data:		
Cash and cash equivalents	$ 47,578	
Working capital (deficit)(5)	$ 13,733	
Property & equipment, net	$ 300,051	
Total assets	$ 779,692	
Total debt, gross	$ 529,290	
Stockholders equity	$ 148,800	

	13 Weeks Ended				Fiscal Year Ended		
	May 1, 2011 (Successor)	May 2, 2010 (Predecessor)	244 Day Period from June 1, 2010 to January 30, 2011 (Successor)	120 Day Period from February 1, 2010 to May 31, 2010 (Predecessor)	January 30, 2011(1) (Combined)	January 31, 2010 (Predecessor)	February 1, 2009 (Predecessor)
Other data:							
Adjusted EBITDA(6)	33,635	26,965	57,503	28,777	86,280	83,145	87,378
Cash interest expense(7)	7,772	5,664	24,226	7,392	31,618	22,966	24,682
Capital expenditures	8,330	6,988	22,255	12,978	35,233	48,423	49,254
Store-level Data:							
Stores open at end of period(8)	58	57			58	56	52
Comparable store sales increase (decrease)(9)	6.2%	(2.5%)			(1.9%)	(7.8%)	(2.8%)
Store-level EBITDA(10)	40,933	34,639	78,084	38,976	117,060	109,847	114,933
Store-level EBITDA margin(11)	27.5%	24.5%	22.7%	21.9%	22.4%	21.1%	21.5%

(1) Affiliates of the Oak Hill Funds acquired all of the outstanding common stock of D&B Holdings as part of the Acquisition. Accounting principles generally accepted in the United States require operating results for D&B Holdings prior to the June 1, 2010 acquisition to be presented as Predecessor s results in the historical financial statements. Operating results for Dave & Buster s Entertainment, Inc. subsequent to the June 1, 2010 acquisition are presented or referred to as Successor s results in our historical financial statements. References to the 52 week period ended January 30, 2011, included in this prospectus relate to the combined 244 day period ended January 30, 2011 of the Successor and the 120 day period ended May 31, 2010 of the Predecessor. The results for the Successor period include the impacts of purchase accounting. However, we believe that the discussion of our combined operational results is appropriate as we highlight operational changes as well as purchase accounting related items.

(2) General and administrative expenses during the fiscal year ended January 30, 2011 includes $4,638 and $4,280 of transaction costs in the Successor and Predecessor periods, respectively.

(3) Depreciation expense related to the write-up of certain assets and changes of useful lives of certain assets as a result of the Acquisition was $0.9 million for the Successor period ended January 30, 2011 and $0.8 million for the quarter ended May 1, 2011.

(4) The as adjusted balance sheet and consolidated statements of operations data gives effect to the receipt and application of $ of net proceeds to us from this offering as described in Use of Proceeds, as if it had occurred as of May 1, 2011 or January 31, 2011, respectively. The as adjusted balance sheet and consolidated statements of operations data is not necessarily indicative of what our financial position or results of operations would have been if the transaction had been completed as of the dates indicated, nor is such data necessarily indicative of our financial position or results of operations for any future date or period.

(5) Defined as total current assets minus total current liabilities.

(6) Adjusted EBITDA is calculated as net income (loss), plus interest expense (net), provision (benefit) for income taxes, depreciation and amortization expense, loss (gain) on asset disposal, gain on acquisition of limited partnership, share-based compensation, currency transaction (gain) loss, pre-opening costs, reimbursement of affiliate expenses, severance, change in deferred amusement revenue, ticket liability estimations and other and transaction costs related to the Acquisition. Adjusted EBITDA margin represents Adjusted EBITDA divided by total revenues.

Adjusted EBITDA is presented because we believe that it provides useful information to investors regarding our operating performance and our capacity to incur and service debt and fund capital expenditures. We believe that Adjusted EBITDA is used by many investors, analysts and rating agencies as a measure of performance. In addition, Adjusted EBITDA is

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approximately equal to Consolidated EBITDA as defined in our senior secured credit facility and the indentures governing the existing discount notes and the existing senior notes. By reporting Adjusted EBITDA, we provide a basis for comparison of our business operations between current, past and future periods by excluding items that we do not believe are indicative of our core operating performance. Adjusted EBITDA is a metric utilized to measure performance based bonuses paid to our executive officers and certain managers.

Adjusted EBITDA, however, is not defined by GAAP and should not be considered in isolation or as an alternative to other financial data prepared in accordance with GAAP or as an indicator of the Company s operating performance. Adjusted EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined in accordance with GAAP, and our calculations thereof may not be comparable to similarly entitled measures reported by other companies. Although we use Adjusted EBITDA as a measure to assess the operating performance of our business, Adjusted EBITDA has significant limitations as an analytical tool because it excludes certain material costs. Because Adjusted EBITDA does not account for these expenses, its utility as a measure of our operating performance has material limitations. Because of these limitations management does not view Adjusted EBITDA in isolation and also uses other measures, such as net income, net sales, gross margin and operating income, to measure operating performance.

Our calculation of Adjusted EBITDA for the periods presented is set forth below:

	13 Weeks Ended				Fiscal Year Ended		
	May 1, 2011	May 2, 2010	For the 244 Day Period from June 1, 2010 to January 30, 2011	For the 120 Day Period from February 1, 2010 to May 31, 2010	January 30, 2011(1)	January 31, 2010	February 1, 2009
	(Successor)	(Predecessor)	(Successor)	(Predecessor)	(Combined)	(Predecessor)	(Predecessor)
Net income (loss)	$ 5,178	$ 3,911	$ (5,157)	$ (2,138)	$ (7,295)	$ (350)	$ 1,615
Interest expense, net	10,657	5,348	25,486	6,976	32,462	22,122	26,177
Provision (benefit) for income taxes	2,477	3,073	(2,551)	(597)	(3,148)	99	(45)
Depreciation and amortization expense	13,070	12,500	33,794	16,224	50,018	53,658	49,652
Loss (gain) on asset disposal(a)	428	200	(2,813)	416	(2,397)	1,361	1,648
Gain on acquisition of limited partnership(b)						(357)	
Share-based compensation(c)	360	251	794	1,697	2,491	722	880
Currency transaction (gain) loss(d)	(195)	(85)	(128)	(15)	(143)	(123)	124
Pre-opening costs(e)	740	1,189	842	1,447	2,289	3,881	2,988
Reimbursement of affiliate expenses(f)	65	188	380	246	626	905	1,735
Severance(g)			1,183		1,183	295	906
Change in deferred amusement revenue, ticket liability & other(h)	718	230	1,035	241	1,276	932	1,698
Transaction costs(i)	137	160	4,638	4,280	8,918		
Adjusted EBITDA	$ 33,635	$ 26,965	$ 57,503	$ 28,777	$ 86,280	$ 83,145	$ 87,378

(a) Represents the net book value of assets (less proceeds received) disposed of during the year. Primarily relates to assets replaced in ongoing operation of business.

(b) Represents gain recognized in connection with our acquisition of a 49.9% limited partnership interest in a limited partnership that owns a Dave & Buster s store in the Discover Mills Mall near Atlanta, Georgia. See Notes to Audited Consolidated Financials Statements for the years ended January 30, 2011, January 31, 2010 and February 1, 2009 Note 3: Mergers and Acquisitions.

(c) Represents stock compensation expense of the Predecessor resulting from grants under the D&B Holdings, Inc. 2006 Option Plan and of the Successor under the Stock Incentive Plan.

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(d) Represents the effect of foreign currency transaction (gains) or losses related to our store in Canada.
(e) Represents costs incurred prior to the opening of our new stores or stores that have undergone major conversions.
(f) Represents amounts paid to Wellspring under our historical expense reimbursement agreement and expenses under an expense reimbursement agreement that we entered into with Oak Hill Capital Management, LLC. See *Certain Relationships and Related Transactions Expense Reimbursement Agreement*.
(g) Represents severance costs associated with the departure of key executives and organizational restructuring efforts implemented by us.
(h) Primarily represents quarterly increases or decreases to accrued liabilities established for future amusement game play and the fulfillment of tickets won by guests on our redemption games.
(i) Represents transaction costs related to the Acquisition.

(7) Cash interest expense represents interest expense for the period less amortization of debt, original issue discount (if any), and issuance costs, less interest capitalized during the period and adjustments to mark our swap contracts to fair value.

(8) The number of stores open at January 30, 2011 and January 31, 2010 includes one franchise in Canada. Our location in Nashville, Tennessee, which temporarily closed on May 2, 2010 due to flooding is included in our store count. As of May 1, 2011, the Nashville location remains closed. We currently anticipate that this store will reopen during the fourth quarter of fiscal 2011. Also included in the store count is one store in Dallas, Texas, which permanently closed on May 2, 2011.

(9) We define the comparable store base to include those stores open for a full 18 months at the beginning of each fiscal year. Percent changes have been calculated based on an equivalent number of weeks in each fiscal year by adding or subtracting, as applicable, one week from the applicable prior period.

(10) Store-level EBITDA is defined by us as net income (loss), plus interest expense (net), provision (benefit) for income taxes, depreciation and amortization expense, general and administrative expenses and pre-opening costs, as shown in the table below. We use Store-level EBITDA to measure operating performance and returns from opening new stores. Similar to Adjusted EBITDA, Store-level EBITDA is not defined under U.S. generally accepted accounting principles and does not purport to be an alternative to net income as a measure of operating performance.

We believe that Store-level EBITDA is another useful measure in evaluating our operating performance because it removes the impact of general and administrative expenses, which are not incurred at the store level, and the costs of opening new stores, which are non-recurring at the store-level, and thereby enables the comparability of the operating performance of our stores for the periods presented. We also believe that Store-level EBITDA is a useful measure in evaluating our operating performance within the entertainment and dining industry because it permits the evaluation of store-level productivity, efficiency and performance, and we use Store-level EBITDA as a means of evaluating store financial performance compared with our competitors. However, because this measure excludes significant items such as general and administrative expenses and pre-opening costs, which are important in evaluating our consolidated financial performance from period to period, the value of this measure is limited as a measure of our consolidated financial performance. Our calculation of Store-level EBITDA for the periods is presented below:

	13 Weeks Ended		**Fiscal Year Ended**				
	May 1, 2011	**May 2, 2010**	**For the 244 Day Period from June 1, 2010 to January 30, 2011**	**For the 120 Day Period from February 1, 2010 to May 31, 2010**	**January 30, 2011(1)**	**January 31, 2010**	**February 1, 2009**
(Dollars in thousands)	**(Successor)**	**(Predecessor)**	**(Successor)**	**(Predecessor)**	**(Combined)**	**(Predecessor)**	**(Predecessor)**
Net income (loss)	$ 5,178	$ 3,911	$ (5,157)	$ (2,138)	$ (7,295)	$ (350)	$ 1,615
Interest expense, net	10,657	5,348	25,486	6,976	32,462	22,122	26,177
Provision (benefit) for income taxes	2,477	3,073	(2,551)	(597)	(3,148)	99	(45)
Depreciation and amortization expense	13,070	12,500	33,794	16,224	50,018	53,658	49,652
General and administrative expenses	8,811	8,618	25,670	17,064	42,734	30,437	34,546
Pre-opening costs	740	1,189	842	1,447	2,289	3,881	2,988
Store-level EBITDA	$ 40,933	$ 34,639	$ 78,084	$ 38,976	$ 117,060	$ 109,847	$ 114,933

(11) Store-level EBITDA margin represents Store-level EBITDA divided by total revenues. Store-level EBITDA margin allows us to evaluate operating performance of each store across stores of varying size and volume.

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RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the following risks, as well as the other information contained in this prospectus, before making an investment in our company. If any of the following risks actually occur, our business, results of operations or financial condition may be materially adversely affected. In such an event, the trading price of our common stock could decline and you could lose part or all of your investment.

Risks Related To Our Business

The continued economic uncertainty in the U.S. and Canada impacts our business and financial results and a renewed recession could materially affect us in the future.

Our business is dependent upon consumer discretionary spending. The continued economic uncertainty in the U.S. and Canada has reduced consumer confidence to historic lows impacting the public s ability and/or desire to spend discretionary dollars as a result of job losses, home foreclosures, significantly reduced home values, investment losses in the financial markets, personal bankruptcies, and reduced access to credit, resulting in lower levels of guest traffic in our stores. Leading economic indicators, such as unemployment and consumer confidence, remain volatile and may not show meaningful improvement in fiscal 2011. If conditions worsen, our business, results of operation and ability to comply with the covenants under our senior secured credit facility could be materially affected and may result in a deceleration of the number and timing of new store openings. Continued deterioration in guest traffic and/or a reduction in the average amount guests spend in our stores will negatively impact our revenues. This will result in sales de-leverage, spreading fixed costs across a lower level of sales, and will in turn cause downward pressure on our profitability. This could result in reductions in staff levels, asset impairment charges and potential closures. Future recessionary effects on the Company are unknown at this time and could have a potential material adverse effect on our financial position and results of operations. There can be no assurance that any government s plans to stimulate the economy will restore consumer confidence, stabilize the financial markets, increase liquidity and the availability of credit, or result in lower unemployment.

Future economic downturns similar to the economic crisis that began in 2008 could have a material adverse impact on our landlords or other tenants in shopping centers in which we are located, which in turn could negatively affect our financial results.

If we experience another economic downturn in the future, our landlords may be unable to obtain financing or remain in good standing under their existing financing arrangements, resulting in failures to pay required construction contributions or satisfy other lease covenants to us. In addition, other tenants at shopping centers in which we are located or have executed leases may fail to open or may cease operations. Decreases in total tenant occupancy in shopping centers in which we are located may affect foot traffic at our stores. All of these factors could have a material adverse impact on our operations.

Our growth strategy depends on our ability to open new stores and operate them profitably.

As of August 1, 2011, there were 57 company-owned locations in the United States and Canada and one franchise location in Canada. A key element of our growth strategy is to open additional stores in locations that we believe will provide attractive returns on investment. We have identified a number of additional sites for potential future Dave & Buster s stores. Our ability to open new stores on a timely and cost-effective basis, or at all, is dependent on a number of factors, many of which are beyond our control, including our ability to:

- find quality locations;

- reach acceptable agreements regarding the lease or purchase of locations;
- comply with applicable zoning, licensing, land use and environmental regulations;
- raise or have available an adequate amount of money for construction and opening costs;
- timely hire, train and retain the skilled management and other employees necessary to meet staffing needs;
- obtain, for acceptable cost, required permits and approvals, including liquor licenses; and
- efficiently manage the amount of time and money used to build and open each new store.

If we succeed in opening new stores on a timely and cost-effective basis, we may nonetheless be unable to attract enough guests to new stores because potential guests may be unfamiliar with our stores or concept, or our entertainment and menu options might not appeal to them. While we have successfully opened stores with our target large store size of 35,000 40,000 square feet, only a small number of our existing stores are the size of this target. As of August 1, 2011, we operate four small format stores. Our new large and small format stores may not meet or exceed the performance of our existing stores or meet or exceed our performance targets, including target cash-on-cash returns. New stores may even operate at a loss, which could have a significant adverse effect on our overall operating results. Opening a new store in an existing market could reduce the revenue at our existing stores in that market. In addition, historically, new stores experience a drop in revenues after their first year of operation. Typically, this drop has been temporary and has been followed by increases in comparable store revenue in line with the rest of our comparable store base, but there can be no assurance that this will be the case in the future or that a new store will succeed in the long term.

Our expansion into new markets may present increased risks due to our unfamiliarity with the area.

Some of our new stores will be located in areas where we have little or no meaningful experience. Those markets may have different competitive conditions, consumer tastes and discretionary spending patterns than our existing markets, which may cause our new stores to be less successful than stores in our existing markets. In addition, our national advertising program may not be successful in generating brand awareness in all local markets, and the lack of market awareness of the Dave & Buster s brand can pose an additional risk in expanding into new markets. Stores opened in new markets may open at lower average weekly revenues than stores opened in existing markets, and may have higher store-level operating expense ratios than stores in existing markets. Sales at stores opened in new markets may take longer to reach average store revenues, if at all, thereby adversely affecting our overall profitability.

We may not be able to compete favorably in the highly competitive out-of-home and home-based entertainment and restaurant markets, which could have a material adverse effect on our business, results of operations or financial condition.

The out-of-home entertainment market is highly competitive. We compete for guests discretionary entertainment dollars with theme parks, as well as with providers of out-of-home entertainment, including localized attraction facilities such as movie theatres, sporting events, bowling alleys, nightclubs and restaurants. Many of the entities operating these businesses are larger and have significantly greater financial resources, a greater number of stores, have been in business longer, have greater name recognition and are better established in the markets where our stores are located or are planned to be located. As a result, they may be able to invest greater resources than we can in attracting guests and succeed in attracting guests who would otherwise come to our stores. The legalization of casino gambling in geographic areas near any current or future store would create the possibility for entertainment alternatives, which could have a material adverse effect on our business

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and financial condition. We also face competition from local establishments that offer entertainment experiences similar to ours and restaurants that are highly competitive with respect to price, quality of service, location, ambience and type and quality of food. We also face competition from increasingly sophisticated home-based forms of entertainment, such as internet and video gaming and home movie delivery. Our failure to compete favorably in the competitive out-of-home and home-based entertainment and restaurant markets could have a material adverse affect on our business, results of operations and financial condition.

Our quarterly results of operations are subject to fluctuations due to the seasonality of our business and other events.

Our operating results fluctuate significantly from quarter to quarter as a result of seasonal factors. Typically we have higher first and fourth quarter revenues associated with the spring and year-end holidays. Our third quarter, which encompasses the end of the summer vacation season, has historically had lower revenues as compared to the other quarters. We expect seasonality will continue to be a factor in our results of operations. As a result, factors affecting peak seasons could have a disproportionate effect on our results. For example, the number of days between Thanksgiving and New Year s Day and the days of the week on which Christmas and New Year s Eve fall affect the volume of business we generate during the December holiday season and can affect our results for the full fiscal year. In addition, adverse weather during the winter holiday season can have a significant impact on our first and fourth quarters, and therefore our results for the full fiscal year. See *Management s Discussion and Analysis of Financial Condition and Results of Operations Store-Level Variability, Quarterly Results of Operations and Seasonality*.

Our operating results may also fluctuate significantly because of non-seasonal factors. Due to our relatively limited number of locations, poor results of operations at any single store could significantly affect our overall profitability.

Our quarterly results of operations are subject to fluctuations due to the timing of new store openings.

The timing of new store openings may result in significant fluctuations in our quarterly performance. We typically incur most cash pre-opening costs for a new store within the two months immediately preceding, and the month of, the store s opening. In addition, the labor and operating costs for a newly opened store during the first three to six months of operation are materially greater than what can be expected after that time, both in aggregate dollars and as a percentage of revenues. We expect to spend approximately $51.0 million ($43.0 million net of cash contributions from landlords) for new store construction in 2011. Due to these substantial up-front financial requirements to open new stores, the investment risk related to any single store is much larger than that associated with many other restaurants or entertainment venues.

We have a recent history of net losses.

We have high interest expense and depreciation and amortization expense and, as a result, incurred net losses of $7.3 million and $350,000 for the fiscal years ended January 30, 2011 (combined) and January 31, 2010, respectively. Achieving profitability depends upon numerous factors, including our ability to generate increased revenues and our ability to control expenses. We may incur significant losses in the future for a number of reasons, including the other risks described in this prospectus and our ongoing interest expense and depreciation and amortization expense, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown events. Accordingly, we can make no assurances that we will be able to achieve, sustain or increase profitability in the future. Failure to achieve profitability could have an adverse impact on the trading prices of our common stock.

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Our operations are susceptible to the availability and cost of food and other supplies, in most cases from a limited number of suppliers, which subject us to possible risks of shortages, interruptions and price fluctuations.

Our profitability depends in part on our ability to anticipate and react to changes in product costs. Cost of food and beverage as a percentage of food and beverage revenue was 23.8% in fiscal 2010, 24.2% in fiscal 2009, and 24.8% in fiscal 2008. Cost of food as a percentage of total revenue was approximately 9% in fiscal 2010. Cost of amusement and other costs as a percentage of amusement and other revenue was 15.9% in fiscal 2010, 15.5% in fiscal 2009, and 13.8% in fiscal 2008. If we have to pay higher prices for food or other supplies, our operating costs may increase, and, if we are unable or unwilling to pass such cost increases on to our guests, our operating results could be adversely affected.

We have entered into a long-term contract with U.S. Foodservice, Inc. which provides for the purchasing, warehousing and distributing of a substantial majority of our food, non-alcoholic beverage and chemical supplies. The unplanned loss of this distributor could adversely affect our business by disrupting our operations as we seek out and negotiate a new distribution contract. We also have multiple short-term supply contracts with a limited number of suppliers. If any of these suppliers do not perform adequately or otherwise fail to distribute products or supplies to our stores, we may be unable to replace the suppliers in a short period of time on acceptable terms, which could increase our costs, cause shortages of food and other items at our stores and cause us to remove certain items from our menu. Other than forward purchase contracts for certain food items, we currently do not engage in futures contracts or other financial risk management strategies with respect to potential price fluctuations in the cost of food and other supplies.

We may not be able to anticipate and react to changing food, beverage and amusement costs by adjusting purchasing practices or menu and game prices, and a failure to do so could have a material adverse effect on our operating results.

Our procurement of games and amusement offerings is dependent upon a few suppliers.

Our ability to continue to procure new games, amusement offerings, and other entertainment-related equipment is important to our business strategy. The number of suppliers from which we can purchase games, amusement offerings and other entertainment-related equipment is limited. To the extent that the number of suppliers declines, we could be subject to the risk of distribution delays, pricing pressure, lack of innovation and other associated risks.

In addition, any increase in cost or decrease in availability of new amusement offerings that appeal to guests could adversely impact the cost to acquire and operate new amusements which could have a material adverse effect on our operating results. We may not be able to anticipate and react to changing food, beverage and amusement costs by adjusting purchasing practices or menu and game prices, and a failure to do so could have a material adverse effect on our operating results.

Instances of food-borne illness and outbreaks of disease, as well as negative publicity relating thereto, could result in reduced demand for our menu offerings and reduced traffic in our stores and negatively impact our business.

Our business could be severely impacted by a widespread regional, national or global health epidemic. A widespread health epidemic (such as the avian flu) or food-borne illness (such as

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aphthous fever, which is also known as hoof and mouth disease, as well as hepatitis A, lysteria, salmonella and e-coli), whether or not traced to one of our stores, may cause guests to avoid public gathering places or otherwise change their eating behaviors. Even the prospects of a health epidemic could change consumer perceptions of food safety, disrupt our supply chain and impact our ability to supply certain menu items or staff our stores. Outbreaks of disease, including severe acute respiratory syndrome, which is also known as SARS, as well as influenza, could reduce traffic in our stores. Any of these events would negatively impact our business. In addition, any negative publicity relating to these and other health-related matters may affect consumers perceptions of our stores and the food that we offer, reduce guest visits to our stores and negatively impact demand for our menu offerings.

We may not be able to obtain and maintain licenses and permits necessary to operate our stores in compliance with laws, regulations and other requirements, which could adversely affect our business, results of operations or financial condition.

We are subject to various federal, state and local laws affecting our business. Each store is subject to licensing and regulation by a number of governmental authorities, which may include alcoholic beverage control, amusement, health and safety and fire agencies in the state, county or municipality in which the store is located. Each store is required to obtain a license to sell alcoholic beverages on the premises from a state authority and, in certain locations, county and municipal authorities. Typically, licenses must be renewed annually and may be revoked or suspended for cause at any time. In the past, we have had licenses temporarily suspended. For example, our licenses to sell alcoholic beverages were suspended for 2 days in 2011 in our Maple Grove, Minnesota store, for 10 days in 2010 in our Milpitas, California store and for 25 days in 2008 in our Ontario, California store, each due to violations of the terms of our licenses. In some states, the loss of a license for cause with respect to one location may lead to the loss of licenses at all locations in that state and could make it more difficult to obtain additional licenses in that state. Alcoholic beverage control regulations relate to numerous aspects of the daily operations of each store, including minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing, inventory control and handling and storage and dispensing of alcoholic beverages. The failure to receive or retain a liquor license, or any other required permit or license, in a particular location, or to continue to qualify for, or renew licenses, could have a material adverse effect on operations and our ability to obtain such a license or permit in other locations.

As a result of operating certain entertainment games and attractions, including games that offer redemption prizes, we are subject to amusement licensing and regulation by the states, counties and municipalities in which our stores are located. Certain entertainment attractions are heavily regulated and such regulations vary significantly between communities. Moreover, more states and local communities that are considering gambling legalization and regulations are tending to consider additional regulation regarding redemption games. From time-to-time, existing stores may be required to modify certain games, alter the mix of games, or terminate the use of specific games as a result of the interpretation of regulations by state or local officials, any of which could adversely affect our operations.

Changes in laws, regulations and other requirements could adversely affect our business, results of operations or financial condition.

We are also subject to federal, state and local environmental laws, regulations and other requirements. More stringent and varied requirements of local and state governmental bodies with respect to zoning, land use and environmental factors could delay or prevent development of new stores in particular locations. Environmental laws and regulations also govern, among other things, discharges of pollutants into the air and water as well as the presence, handling, release and disposal

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of and exposure to hazardous substances. These laws provide for significant fines and penalties for noncompliance. Third parties may also make personal injury, property damage or other claims against us associated with actual or alleged release of or exposure to hazardous substances at our properties. We could also be strictly liable, without regard to fault, for certain environmental conditions at properties we formerly owned or operated as well as at our current properties.

In addition, we are subject to the Fair Labor Standards Act (which governs such matters as minimum wages and overtime), the Americans with Disabilities Act, various family-leave mandates and other federal, state and local laws and regulations that govern working conditions. From time-to-time, the U.S. Congress and the states consider increases in the applicable minimum wage. Several states in which we operate have enacted increases in the minimum wage which have taken effect during the past several years and further increases are anticipated. Although we expect increases in payroll expenses as a result of federal and state mandated increases in the minimum wage, such increases are not expected to be material. However, we are uncertain of the repercussion, if any, of increased minimum wages on other expenses. For example, our suppliers may be more severely impacted by higher minimum wage standards, which could result in increased costs to us. If we are unable to offset these costs through increased costs to our guests, our business, results of operations and financial condition could be adversely affected. Moreover, although none of our employees have been or are now represented by any unions, labor organizations may seek to represent certain of our employees in the future, and if they are successful, our payroll expenses and other labor costs may be increased in the course of collective bargaining, and/or there may be strikes or other work disruptions that may adversely affect our business.

Our sales and results of operations may be adversely affected by the passage of health care reform legislation and climate change and other environmental legislation and regulations. The costs and other effects of new legal requirements cannot be determined with certainty. For example, new legislation or regulations may result in increased costs directly for our compliance or indirectly to the extent that such requirements increase prices charged to us by vendors because of increased compliance costs. At this point, we are unable to determine the impact that health care reform could have on our employer-sponsored medical plans or that climate change and other environmental legislation and regulations could have on our overall business.

We face potential liability with our gift cards under the property laws of some states.

Our gift cards, which may be used to purchase food, beverage, merchandise and game play credits in our stores, may be considered stored value cards. Certain states include gift cards under their abandoned and unclaimed property laws, and require companies to remit to the state cash in an amount equal to all or a designated portion of the unredeemed balance on the gift cards based on certain card attributes and the length of time that the cards are inactive. To date we have not remitted any amounts relating to unredeemed gift cards to states based upon our assessment of applicable laws. We recognize income from unredeemed cards when we determine that the likelihood of the cards being redeemed is remote and that recognition is appropriate based on governing state statutes.

The analysis of the potential application of the abandoned and unclaimed property laws to our gift cards is complex, involving an analysis of constitutional, statutory provisions and factual issues. In the event that one or more states change their existing abandoned and unclaimed property laws or successfully challenges our position on the application of its abandoned and unclaimed property laws to our gift cards, or if the estimates that we use in projecting the likelihood of the cards being redeemed prove to be inaccurate, our liabilities with respect to unredeemed gift cards may be materially higher than the amounts shown in our financial statements. If we are required to materially increase the estimated liability recorded in our financial statements with respect to unredeemed gift cards, our net income could be materially and adversely affected.

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Our Power Cards may raise similar concerns to gift cards in terms of the applicability of states abandoned and unclaimed property laws. However, based on our analysis of abandoned and unclaimed property laws, we believe that our Power Cards are not stored value cards and such laws do not apply, although there can be no assurance that states will not take a different position.

Guest complaints or litigation on behalf of our guests or employees may adversely affect our business, results of operations or financial condition.

Our business may be adversely affected by legal or governmental proceedings brought by or on behalf of our guests or employees. In recent years, a number of restaurant companies, including ours, have been subject to lawsuits, including class action lawsuits, alleging violations of federal and state law regarding workplace and employment matters, discrimination and similar matters, and a number of these lawsuits have resulted in the payment of substantial damages by the defendants. We could also face potential liability if we are found to have misclassified certain employees as exempt from the overtime requirements of the federal Fair Labor Standards Act and state labor laws. We have had from time to time and now have such lawsuits pending against us. In addition, from time to time, guests file complaints or lawsuits against us alleging that we are responsible for some illness or injury they suffered at or after a visit to a store. We are also subject to a variety of other claims in the ordinary course of business, including personal injury, lease and contract claims. The restaurant industry has also been subject to a growing number of claims that the menus and actions of restaurant chains have led to the obesity of certain of their guests.

We are also subject to dram shop statutes in certain states in which our stores are located. These statutes generally provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated individual. We are currently the subject of certain lawsuits that allege violations of these statutes. Recent litigation against restaurant chains has resulted in significant judgments and settlements under dram shop statutes. Because these cases often seek punitive damages, which may not be covered by insurance, such litigation could have an adverse impact on our business, results of operations or financial condition. Regardless of whether any claims against us are valid or whether we are liable, claims may be expensive to defend and may divert time and money away from operations and hurt our financial performance. A judgment significantly in excess of our insurance coverage or not covered by insurance could have a material adverse effect on our business, results of operations or financial condition. As approximately 30% of our food and beverage revenues were derived from the sale of alcoholic beverages during fiscal 2010, adverse publicity resulting from these allegations may materially affect us and our stores.

We may face labor shortages that could slow our growth and adversely impact our ability to operate our stores.

The successful operation of our business depends upon our ability to attract, motivate and retain a sufficient number of qualified executives, managers and skilled employees. From time-to-time, there may be a shortage of skilled labor in certain of the communities in which our stores are located. Shortages of skilled labor may make it increasingly difficult and expensive to attract, train and retain the services of a satisfactory number of qualified employees and could delay the planned openings of new stores or adversely impact our existing stores. Any such delays, material increases in employee turnover rates in existing stores or widespread employee dissatisfaction could have a material adverse effect on our business and results of operations. Competition for qualified employees could require us to pay higher wages, which could result in higher labor costs and could have a material adverse effect on our results of operations.

Immigration reform continues to attract significant attention in the public arena and the U.S. Congress. If new immigration legislation is enacted, such laws may contain provisions that could

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increase our costs in recruiting, training and retaining employees. Also, although our hiring practices comply with the requirements of federal law in reviewing employees citizenship or authority to work in the U.S., increased enforcement efforts with respect to existing immigration laws by governmental authorities may disrupt a portion of our workforce or our operations at one or more of our stores, thereby negatively impacting our business.

We depend on the services of key executives, the loss of whom could materially harm our business and our strategic direction if we were unable to replace them with executives of equal experience and capabilities.

Our future success significantly depends on the continued service and performance of our key management personnel. We have employment agreements with all members of senior management. However, we cannot prevent members of senior management from terminating their employment with us. Losing the services of members of senior management could materially harm our business until a suitable replacement is found, and such replacement may not have equal experience and capabilities. In addition, we have not purchased life insurance on any members of our senior management.

Local conditions, events, terrorist attacks, adverse weather conditions and natural disasters could adversely affect our business.

Certain of the regions in which our stores are located have been, and may in the future be, subject to adverse local conditions, events, terrorist attacks, adverse weather conditions, or natural disasters, such as earthquakes, floods and hurricanes. In particular, seven of our stores are located in California and are subject to earthquake risk, and our three stores in Florida, our two stores in Houston and our one store in Honolulu are subject to hurricane risk. Depending upon its magnitude, a natural disaster could severely damage our stores, which could adversely affect our business, results of operations or financial condition. We currently maintain property and business interruption insurance through the aggregate property policy for each of the stores. However, such coverage may not be sufficient if there is a major disaster. In addition, upon the expiration of our current insurance policies, adequate insurance coverage may not be available at reasonable rates, or at all.

Our Nashville, Tennessee store was extensively damaged by the May 2010 flooding in the Nashville area. The store is covered by up to $25.0 million in property and business interruption insurance subject to a net overall deductible of approximately one thousand dollars. Although we have initiated property insurance claims, including business interruption, with our insurers, we cannot assure you that our insurance will cover all business interruptions costs. We currently anticipate that this store will reopen during the fourth quarter of fiscal 2011.

Damage to our brand or reputation could adversely affect our business.

Our brand and our reputation are among our most important assets. Our ability to attract and retain guests depends, in part, upon the external perception of our company, the quality of our food service and facilities, and our integrity. Multi-store businesses, such as ours, can be adversely affected by unfavorable publicity resulting from poor food quality, illness or health concerns, or a variety of other operating issues stemming from one or a limited number of stores. Adverse publicity involving any of these factors could make our stores less appealing, reduce our guest traffic and/or impose practical limits on pricing. In the future, more of our stores may be operated by franchisees. Any such franchisees will be independent third parties that we do not control. Although our franchisees will be contractually obligated to operate the store in accordance with our standards, we would not oversee their daily operations. If one or more of our stores were the subject of unfavorable publicity, our overall brand could be adversely affected, which could have a material adverse effect on our business, results of operations and financial condition.

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We may not be able to renew real property leases on favorable terms, or at all, which may require us to close a store or relocate, either of which could have a material adverse effect on our business, results of operations or financial condition.

Of the 57 stores operated by us as of August 1, 2011, all are operated on leased property. The leases typically provide for a base rent plus additional rent based on a percentage of the revenue generated by the stores on the leased premises once certain thresholds are met. A lease on one of our stores is scheduled to expire during fiscal 2012 and does not have an option to renew. A decision not to renew a lease for a store could be based on a number of factors, including an assessment of the area in which the store is located. We may choose not to renew, or may not be able to renew, certain of such existing leases if the capital investment then required to maintain the stores at the leased locations is not justified by the return on the required investment. If we are not able to renew the leases at rents that allow such stores to remain profitable as their terms expire, the number of such stores may decrease, resulting in lower revenue from operations, or we may relocate a store, which could subject us to construction and other costs and risks, and, in either case, could have a material adverse effect on our business, results of operations or financial condition.

Fixed rental payments account for a significant portion of our operating expenses, which increases our vulnerability to general adverse economic and industry conditions and could limit our operating and financial flexibility.

Payments under our operating leases account for a significant portion of our operating expenses. For example, total rental payments, including additional rental payments based on sales at some of our stores, under operating leases were approximately $47.3 million, or 9.1% of our total revenues, in fiscal 2010. In addition, as of May 1, 2011, we were a party to operating leases requiring future minimum lease payments aggregating approximately $96.2 million through the next two years and approximately $402.1 million thereafter. We expect that we will lease any new stores we open under operating leases. Our substantial operating lease obligations could have significant negative consequences, including:

- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- requiring a substantial portion of our available cash to be applied to pay our rental obligations, thus reducing cash available for other purposes;
- limiting our flexibility in planning for or reacting to changes in our business or the industry in which we compete; and
- placing us at a disadvantage with respect to our competitors.

We depend on cash flow from operations to pay our lease obligations and to fulfill our other cash needs. If our business does not generate sufficient cash flow from operating activities and sufficient funds are not otherwise available to us from borrowings under bank loans or from other sources, we may not be able to service our operating lease obligations, grow our business, respond to competitive challenges or fund our other liquidity and capital needs, which would have a material adverse affect on us.

We may not be able to adequately protect our intellectual property.

Our intellectual property is essential to our success and competitive position. We use a combination of intellectual property rights, such as trademarks and trade secrets, to protect our brand and certain other proprietary processes and information material to our business. The success of our

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business strategy depends, in part, on our continued ability to use our intellectual property rights to increase brand awareness and further develop our branded products in both existing and new markets. If we fail to protect our intellectual property rights adequately, we may lose an important advantage in the markets in which we compete. If third parties misappropriate or infringe our intellectual property, the value of our image, brand and the goodwill associated therewith may be diminished, our brand may fail to achieve and maintain market recognition, and our competitive position may be harmed, any of which could have a material adverse effect on our business, including our revenues. Policing unauthorized use of our intellectual property is difficult, and we can not be certain that the steps we have taken will prevent the violation or misappropriation of such intellectual property rights by others. To protect our intellectual property, we may become involved in litigation, which could result in substantial expenses, divert the attention of management, and adversely affect our revenue, financial condition and results of operations.

We cannot be certain that our products and services do not and will not infringe on the intellectual property rights of others. Any such claims, regardless of merit, could be time-consuming and expensive to litigate or settle, divert the attention of management, cause significant delays, materially disrupt the conduct of our business and have a material adverse effect on our financial condition and results of operations. As a consequence of such claims, we could be required to pay a substantial damage award, take a royalty-bearing license, discontinue the use of third party products used within our operations and/or rebrand our business and products.

Failure to establish and maintain effective internal control over financial reporting could have a material adverse effect on our business and operating results.

Maintaining effective internal control over financial reporting is necessary for us to produce reliable financial reports and is important in helping to prevent financial fraud. If we are unable to maintain adequate internal controls, our business and operating results could be harmed. Any failure to remediate deficiencies noted by our management or our independent registered public accounting firm or to implement required new or improved controls or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements.

Disruptions in our information technology systems could have an adverse impact on our operations.

Our operations are dependent upon the integrity, security and consistent operation of various systems and data centers, including the point-of-sale, kiosk and amusement operations systems in our stores, data centers that process transactions, communication systems and various other software applications used throughout our operations. Disruptions in these systems could have an adverse impact on our operations. We could encounter difficulties in developing new systems or maintaining and upgrading existing systems. Such difficulty could lead to significant expenses or to losses due to disruption in our business operations. In 2007, there was an external breach of our credit card processing systems which led to fraudulent credit card activity and resulted in the payment of fines and reimbursements for the fraudulent credit card activity. As part of a settlement with the Federal Trade Commission, we have implemented a series of corrective measures in order to ensure that our computer systems are secure and that our guests personal information is protected. Despite our considerable efforts and investment in technology to secure our computer network, security could still be compromised, confidential information could be misappropriated or system disruptions could occur in the future. This could lead to a loss of sales or profits or cause us to incur significant costs to reimburse third parties for damages.

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Our current insurance policies may not provide adequate levels of coverage against all claims and we may incur losses that are not covered by our insurance.

We believe we maintain insurance coverage that is customary for businesses of our size and type. However, there are types of losses we may incur that cannot be insured against or that we believe are not commercially reasonable to insure. For example, we maintain business interruption insurance, but there can be no assurance that the coverage for a severe or prolonged business interruption at one or more of our stores would be adequate. Given the limited number of stores we operate, such a loss could have a material adverse effect on our results of operations. In addition, we do not currently carry insurance for breaches of our computer network security. Moreover, we believe that insurance covering liability for violations of wage and hour laws is generally not available. These losses, if they occur, could have a material adverse effect on our business and results of operations.

Risks Relating to this Offering

Our stock price may fluctuate significantly, and you may not be able to resell your shares at or above the initial public offering price.

The trading price of our common stock may be volatile and subject to wide price fluctuations in response to various factors, including:

- market conditions in the broader stock market;
- actual or anticipated fluctuations in our quarterly financial condition and results of operations;
- actual or anticipated strategic, technological or regulatory threats, whether or not warranted by actual events;
- issuance of new or changed securities analysts reports or recommendations;
- investor perceptions of our company or the media and entertainment industries;
- sales, or anticipated sales, of large blocks of our stock;
- additions or departures of key management personnel, creative or other talent;
- regulatory or political developments;
- litigation and governmental investigations; and
- macroeconomic conditions.

Furthermore, the stock market has experienced extreme volatility that in some cases has been unrelated or disproportionate to the operating performance of particular companies. These and other factors may cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. If any of our stockholders were to bring a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business.

There is no existing market for our common stock, and we do not know if one will develop to provide you with adequate liquidity.

Prior to this offering, there has been no public market for shares of our common stock. We cannot predict the extent to which investor interest in our company will lead to the development of a trading market on the NYSE or NASDAQ, or how liquid that market may become. If an active trading market

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does not develop or is not sustained, you may have difficulty selling any of our common stock that you purchase at an attractive price or at all. The initial public offering price of shares of our common stock will be determined by negotiation between us and the underwriters and may not be indicative of prices that will prevail in the open market following the completion of this offering. The market price of shares of our common stock may decline below the initial public offering price, and you may not be able to resell your shares of our common stock at or above the initial offering price, or at all.

We do not anticipate paying dividends on our common stock in the foreseeable future.

We do not anticipate paying any dividends in the foreseeable future on our common stock. We intend to retain all future earnings for the operation and expansion of our business and the repayment of outstanding debt. Our senior credit facility, the existing senior notes and the existing discount notes contain, and any future indebtedness likely will contain, restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to pay dividends and make other restricted payments. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future. While we may change this policy at some point in the future, we cannot assure you that we will make such a change. See *Dividend Policy*.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our stock or if our results of operations do not meet their expectations, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that securities or industry analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover us downgrade recommendations regarding our stock, or if our results of operations do not meet their expectations, our stock price could decline and such decline could be material.

You will experience immediate and substantial dilution as a result of this offering and may experience additional dilution in the future.

The initial public offering price is substantially higher than the book value per share of our outstanding common stock. As a result, you will incur immediate and substantial dilution of $ per share. We also have a large number of outstanding stock options to purchase common stock with exercise prices that are below the estimated initial public offering price of our common stock. To the extent that these options are exercised, you will experience further dilution. For additional information, see the section of this prospectus entitled *Dilution*.

You may be diluted by the future issuance of additional common stock in connection with our incentive plans, acquisitions or otherwise.

After this offering, we will have shares of common stock authorized but unissued. Our certificate of incorporation authorizes us to issue these shares of common stock and options, rights, warrants and appreciation rights relating to common stock for the consideration and on the terms and conditions established by our Board of Directors in its sole discretion, whether in connection with acquisitions or otherwise. We have reserved shares for issuance under our Stock Incentive Plan. See Executive Compensation Annual Incentive Plan. Any common stock that we issue, including under our Stock Incentive Plan or other equity incentive plans that we may adopt in the future, would dilute the percentage ownership held by the investors who purchase common stock in this offering.

Sales of substantial amounts of our common stock in the public markets, or the perception that such sales might occur, could reduce the price of our common stock and may dilute your voting power and your ownership interest in us.

If our existing stockholders sell substantial amounts of our common stock in the public market following this offering, the market price of our common stock could decrease significantly. The perception in the public market that our existing stockholders might sell shares of common stock could also depress our market price. Upon the completion of this offering, we will have shares of common stock outstanding. We, our directors and our executive officers, the selling stockholders and our significant stockholders will be subject to the lock-up agreements described in *Underwriting* and are subject to the Rule 144 holding period requirements described in *Shares Eligible for Future Sale*. Following the expiration of the lock-up period, will have the right, subject to certain conditions, to require us to register the sale of its shares of our common stock under the Securities Act. After the lock-up period has expired and the holding periods have elapsed and the lock-up periods set forth in our stockholders agreement to be entered into in connection with this offering have expired, additional shares will be eligible for sale in the public market. The market price of shares of our common stock may drop significantly when the restrictions on resale by our existing stockholders lapse or when we are required to register the sale of our stockholders remaining shares of our common stock. A decline in the price of shares of our common stock might impede our ability to raise capital through the issuance of additional shares of our common stock or other equity securities.

Our costs could increase significantly as a result of operating as a public company, and our management will be required to devote substantial time to complying with public company regulations.

As a company with publicly-traded stock, we could incur significant legal, accounting and other expenses not presently incurred. In addition, the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley), as well as rules promulgated by the U.S. Securities and Exchange Commission (the SEC), the NYSE and NASDAQ, require us to adopt corporate governance practices applicable to U.S. public companies. These rules and regulations may increase our legal and financial compliance costs.

Sarbanes-Oxley, as well as rules and regulations subsequently implemented by the SEC, the NYSE and NASDAQ, have imposed increased disclosure and enhanced corporate governance practices for public companies. We are committed to maintaining high standards of corporate governance and public disclosure, and our efforts to comply with evolving laws, regulations and standards are likely to result in increased expenses and a diversion of management s time and attention from revenue-generating activities to compliance activities. We may not be successful in implementing these requirements and implementing them could adversely affect our business, results of operations and financial condition. In addition, if we fail to implement the requirements with respect to our internal accounting and audit functions, our ability to report our financial results on a timely and accurate basis could be impaired.

Failure to maintain effective internal control over financial reporting in accordance with Section 404 of Sarbanes-Oxley could have a material adverse effect on our business and stock price.

As a filer with the SEC, we are currently required to document and test our internal control procedures to satisfy certain of the requirements of Section 404 of Sarbanes-Oxley. We currently provide an annual management assessment of the effectiveness of our internal control over financial reporting. In future years, after the registration of our common stock, a report by our independent registered public accounting firm that addresses the effectiveness of internal control over financial reporting will also be required. Our annual report for the fiscal year ended January 30, 2011 included management s report of internal control over financial reporting. Any delays or difficulty in satisfying the

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requirements of Sarbanes-Oxley could, among other things, cause investors to lose confidence in, or otherwise be unable to rely on, the accuracy of our reported financial information, which could adversely affect the trading price of our common stock.

Provisions in our certificate of incorporation and bylaws and Delaware law may discourage, delay or prevent a change of control of our company or changes in our management and, therefore, may depress the trading price of our stock.

Our certificate of incorporation and bylaws include certain provisions that could have the effect of discouraging, delaying or preventing a change of control of our company or changes in our management, including, among other things:

- restrictions on the ability of our stockholders to fill a vacancy on the board of directors;
- our ability to issue preferred stock with terms that the Board of Directors may determine, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the inability of our stockholders to call a special meeting of stockholders;
- we have a classified Board of Directors;
- our directors may only be removed from the Board of Directors for cause by the affirmative vote of (i) a majority of the remaining members of the Board of Directors or (ii) the holders of at least 66 $^{2}/3$% of the voting power of outstanding shares of our common stock entitled to vote thereon;
- the absence of cumulative voting in the election of directors, which may limit the ability of minority stockholders to elect directors; and
- advance notice requirements for stockholder proposals and nominations, which may discourage or deter a potential acquirer from soliciting proxies to elect a particular slate of directors or otherwise attempting to obtain control of us.

These provisions in our certificate of incorporation and bylaws may discourage, delay or prevent a transaction involving a change in control of our company that is in the best interest of our minority stockholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging future takeover attempts.

Section 203 of the Delaware General Corporation Law may affect the ability of an interested stockholder to engage in certain business combinations, including mergers, consolidations or acquisitions of additional shares, for a period of three years following the time that the stockholder becomes an interested stockholder. An interested stockholder is defined to include persons owning directly or indirectly 15% or more of the outstanding voting stock of a corporation. However, our certificate of incorporation provides that we will not be governed by Section 203 of the Delaware General Corporation Law until the Oak Hill Funds reduce their ownership interest in us to less than 15% of our outstanding common stock.

Risks Relating to Our Capital Structure

Our indebtedness could adversely affect our ability to raise additional capital to fund operations, limit our ability to react to changes in the economy or our industry and prevent us from meeting our financial obligations.

As of May 1, 2011, as adjusted to give effect to this offering and the application of the proceeds thereof, we had $ million ($ million net of discount) of borrowings under our term loan

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facility, no borrowings under our revolving credit facility, $5.7 million in letters of credit outstanding, $ million aggregate principal amount of the existing senior notes outstanding and $ million aggregate principal amount of the existing discount notes outstanding. If we cannot generate sufficient cash flow from operations to service our debt, we may need to further refinance our debt, dispose of assets or issue equity to obtain necessary funds. We do not know whether we will be able to do any of this on a timely basis or on terms satisfactory to us or at all.

Our substantial indebtedness could have important consequences, including:

- our ability to obtain additional debt or equity financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes may be limited;
- a portion of our cash flows from operations will be dedicated to the payment of principal and interest on the indebtedness and will not be available for other purposes, including operations, capital expenditures and future business opportunities;
- certain of our borrowings are at variable rates of interest, exposing us to the risk of increased interest rates;
- our ability to adjust to changing market conditions may be limited and may place us at a competitive disadvantage compared to less-leveraged competitors; and
- we may be vulnerable in a downturn in general economic conditions or in business, or may be unable to carry on capital spending that is important to our growth.

The terms of our senior credit facility, the existing senior notes and the existing discount notes restrict our current and future operations, which could adversely affect our ability to respond to changes in our business and to manage our operations.

Our senior credit facility, the existing senior notes and the existing discount notes contain, and any future indebtedness will likely contain, a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

- incur additional debt;
- pay dividends and make other restricted payments;
- create liens;
- make investments and acquisitions;
- engage in sales of assets and subsidiary stock;
- enter into sale-leaseback transactions;

- enter into transactions with affiliates;
- transfer all or substantially all of our assets or enter into merger or consolidation transactions;
- hedge currency and interest rate risk; and
- make capital expenditures.

Our senior credit facility requires us to maintain certain financial ratios in the event we draw on our revolving credit facility or issue letters of credit in excess of $12.0 million. Failure by us to comply with the covenants contained in the instruments governing our indebtedness could result in an event of default under the facility which could adversely affect our ability to respond to changes in our business and manage our operations. In the event of any default under our credit facility, the lenders will not be required to lend any additional amounts to us. Our lenders also could elect to declare all amounts outstanding to be due and payable and require us to apply all of our available cash to repay these amounts. If our indebtedness were to be accelerated, our assets may not be sufficient to repay this indebtedness in full.

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In addition, absent an increase in our Adjusted EBITDA, as defined in the indentures governing the existing discount notes and the existing senior notes, we would not be permitted to incur a substantial amount of indebtedness under the incurrence limitations of the indentures, other than pursuant to our revolving credit facility and other limited exceptions.

After this offering, our principal stockholder will continue to have substantial control over us.

After the consummation of this offering, the Oak Hill Funds will collectively beneficially own approximately % of our outstanding common stock, and approximately % of our outstanding common stock if the underwriters option to purchase additional shares is exercised in full. See *Principal Stockholders*. As a consequence, the Oak Hill Funds or their affiliates will be able to control matters requiring stockholder approval, including the election of directors, a merger, consolidation or sale of all or substantially all of our assets, and any other significant transaction. The interests of this stockholder may not always coincide with our interests or the interests of our other stockholders. For instance, this concentration of ownership may have the effect of delaying or preventing a change in control of us otherwise favored by our other stockholders and could depress our stock price.

As a result of affiliates of the Oak Hill Funds continuing to control a majority of our outstanding common stock after the consummation of this offering, we are a controlled company within the meaning of the NYSE and NASDAQ corporate governance standards. Under these rules, a controlled company may elect not to comply with certain NYSE or NASDAQ corporate governance standards, including:

- the requirement that a majority of the Board of Directors consist of independent directors;
- the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating and corporate governance committee and compensation committee.

Following this offering, we intend to utilize these exemptions. As a result, we may not have a majority of independent directors, our nominating and corporate governance committee and compensation committee will not consist entirely of independent directors and such committees will not be subject to annual performance evaluations. Accordingly, our stockholders will not have the same protections afforded to shareholders of companies that are subject to all of the NYSE or NASDAQ corporate governance requirements.

Conflicts of interest may arise because some of our directors are principals of our principal stockholder.

Upon the completion of this offering, representatives of the Oak Hill Funds and their affiliates will occupy a majority of the seats on our Board of Directors. The Oak Hill Funds or their affiliates could invest in entities that directly or indirectly compete with us. As a result of these relationships, when conflicts arise between the interests of the Oak Hill Funds or their affiliates and the interests of our stockholders, these directors may not be disinterested. The representatives of the Oak Hill Funds on our Board of Directors, by the terms of our amended and restated certificate of incorporation, are not required to offer us any transaction opportunity of which they become aware and could take any such opportunity for themselves or offer it to other companies in which they have an investment, unless such opportunity is expressly offered to them solely in their capacity as our directors.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes statements that are, or may deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward looking terminology, including the terms believes, estimates, anticipates, expects, intends, may, will o or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this prospectus and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, operating leverage strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this prospectus. In addition, even if results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this prospectus, those results or developments may not be indicative of results or developments in subsequent periods. As a result we caution you against relying on any forward-looking statement.

The following listing represents some, but not necessarily all, of the factors that may cause actual results to differ from those anticipated or predicted:

- the impact of the global economic crisis on our business and financial results;
- our ability to open new stores and operate them profitably;
- our ability to achieve our targeted cash-on-cash return, first year store revenues, net development costs or Store-level EBITDA margin for new store openings;
- changes in consumer preferences, general economic conditions or consumer discretionary spending;
- the effect of competition in our industry;
- potential fluctuations in our quarterly operating results due to seasonality and other factors;
- the impact of potential fluctuations in the availability and cost of food and other supplies;
- the impact of instances of food-borne illness and outbreaks of disease;
- the impact of federal, state or local government regulations relating to our personnel or the sale of food or alcoholic beverages;
- legislative or regulatory changes;

the continued service of key management personnel;

our ability to attract, motivate and retain qualified personnel;

the impact of litigation;

changes in accounting principles, policies or guidelines;

changes in general economic conditions or conditions in securities markets or the banking industry;

a materially adverse change in our financial condition;

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- adverse local conditions, events, terrorist attacks, weather and natural disasters; and

- other economic, competitive, governmental, regulatory, geopolitical and technological factors affecting operations, pricing and services.

You should also read carefully the factors described in the Risk Factors section of this prospectus to better understand the risks and uncertainties inherent in our business and underlying any forward-looking statements.

Any forward-looking statements that we make in this prospectus speak only as of the date of such statements, and we undertake no obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

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USE OF PROCEEDS

We estimate that the net proceeds to us from our sale of shares of our common stock in this offering will be $ million, after deducting underwriting discounts and commissions and estimated expenses payable by us in connection with this offering. This assumes a public offering price of $ per share, which is the midpoint of the price range set forth on the cover of this prospectus. We intend to use approximately $ million of the proceeds to pay down a portion of our existing indebtedness, which may include the existing senior notes, the existing discount notes and the term loan portion of our senior secured credit facility, and approximately $ million of the proceeds to pay fees and expenses associated with the offering. The indebtedness being repaid accrues interest at the rate of % and matures on . We will not receive any proceeds from the sale of up to shares of our common stock by the selling stockholders, if the underwriters exercise their option to purchase additional shares from the selling stockholders.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) would increase (decrease) the net proceeds to us from this offering by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated expenses payable by us.

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DIVIDEND POLICY

We have not historically declared or paid any cash dividends on our common stock. After this offering, we intend to retain all available funds and any future earnings to reduce debt and fund the development and growth of our business, and we do not anticipate paying any dividends on our common stock. However, in the future, subject to the factors described below and our future liquidity and capitalization, we may change this policy and choose to pay dividends. Our ability to pay dividends on our common stock is currently restricted directly or indirectly by the terms of our senior secured credit facilities, the indentures governing the existing discount notes and the existing senior notes and our other indebtedness and may be further restricted by any future indebtedness we incur. Our business is conducted through our principal operating subsidiary, Dave & Buster s, Inc. Dividends from, and cash generated by, Dave & Buster s Inc. will be our principal sources of cash to repay indebtedness, fund operations and pay dividends. Accordingly, our ability to pay dividends to our stockholders is dependent on the earnings and distributions of funds from Dave & Buster s, Inc.

Any future determination to pay dividends will be at the discretion of our Board of Directors and will take into account:

- restrictions in our senior secured credit facilities and the indentures governing the existing discount notes and the existing senior notes;
- general economic and business conditions;
- our financial condition and results of operations;
- our capital requirements;
- the ability of Dave & Busters, Inc. to pay dividends and make distributions to us; and
- such other factors as our Board of Directors may deem relevant.

See *Management s Discussion and Analysis of Financial Condition and Results of Operations*.

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CAPITALIZATION

The following table sets forth our consolidated capitalization as of May 1, 2011:

on an actual basis reflecting the capitalization of Dave & Buster s; and

and on an as adjusted basis to give effect to (1) this offering and the use of proceeds therefrom as if it had occurred on May 1, 2011; (2) a for 1 stock split of our common stock prior to the consummation of this offering; and (3) our amended and restated certificate of incorporation, which will be in effect prior to the consummation of this offering; and assumes (1) no exercise of the underwriters option to purchase up to additional shares from the selling stockholders; and (2) an initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus.

This table should be read in conjunction with *Use of Proceeds*, *Selected Consolidated Financial Data*, *Management s Discussion and Analysis of Financial Condition and Results of Operations* and our consolidated financial statements and the notes thereto included in this prospectus.

	As of May 1, 2011	
(Dollars in thousands)	**Actual**	**As Adjusted**
Cash and cash equivalents	$ 47,578	$
Debt(1):		
Senior secured credit facility:		
Revolving credit facility(2)		
Term loan, net of unamortized discount	147,230	
Existing senior notes	200,000	
Existing discount notes, net of unamortized discount	102,298	
Total debt	449,528	
Stockholders equity:		
Common stock, $0.01 par value, 500,000 shares authorized and 148,685 shares issued on an actual basis; shares authorized and shares issued on an as adjusted basis	1	
Preferred stock, none authorized and issued on an actual basis; shares authorized and none issued on an as adjusted basis		
Paid-in capital	149,838	
Treasury stock, 1,500 shares	(1,500)	
Accumulated comprehensive income	440	
Retained earnings	21	
Total stockholders equity	148,800	
Total capitalization	$ 598,328	$

(1) This presentation shows amounts that are net of original issue discount.

(2) As of May 1, 2011, there were no outstanding borrowings under the revolving credit facility. $44,292 was available for borrowing after taking into account $5,708 of outstanding letters of credit.

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DILUTION

If you invest in our common stock in this offering, your ownership interest will be diluted to the extent of the difference between the initial public offering price per share and the as adjusted net tangible book value per share of our common stock upon the completion of this offering.

As of May 1, 2011, our book value was $148.8 million or $1,010.97 per share and our net tangible book value was approximately $(211.7) million, or $(1,438.55) per share. Our net tangible book value per share represents the amount of our total tangible assets less total liabilities, divided by the total number of shares of common stock outstanding as of May 1, 2011. Dilution in net tangible book value per share represents the difference between the amount per share paid by purchasers of common stock in this offering and the as adjusted net tangible book value per share of common stock immediately after the completion of this offering.

After giving effect to (1) the sale of our common stock at an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover of this prospectus), after deducting underwriting discounts and commissions and estimated offering expenses payable by us, and (2) the application of the net proceeds from this offering as described in *Use of Proceeds*, our as adjusted net tangible book value as of May 1, 2011 would have been approximately $ million, or $ per share.

This represents an immediate increase in net tangible book value of $ per share to our existing stockholders and an immediate dilution in net tangible book value of $ per share to new investors purchasing shares of our common stock in this offering at the initial public offering price.

The following table illustrates the dilution to new investors on a per share basis:

Assumed initial public offering price per share...	$
Net tangible book value per share as of May 1, 2011	
Increase in net tangible book value per share attributable to the sale of shares in this offering	
Increase in net tangible book value per share attributable to the issuance of restricted stock	
As adjusted net tangible book value per share after this offering	
Dilution per share to new investors	$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover of this prospectus) would increase (decrease) our as adjusted net tangible book value after this offering by $ million and increase (decrease) the dilution to new investors by $ per share, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

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The following table summarizes, as of May 1, 2011, the total number of shares of our common stock we issued and sold, the total consideration we received and the average price per share paid to us by our existing stockholders and to be paid by new investors purchasing shares of our common stock in this offering. The table is based on the initial public offering price of $ per share, before underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares purchased		Total consideration (in thousands)		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders	147,185	%	$ 147,185	%	$ 1,000
New investors					
Total		100%		100%	

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover of this prospectus) would increase (decrease) the total consideration paid by new investors by $ million and the total consideration paid by all stockholders by $ million.

The number of shares held by the existing stockholders will be reduced to the extent the underwriters exercise their option to purchase additional shares. If the underwriters fully exercise their option, the existing stockholders will own a total of shares, or approximately % of our total outstanding shares.

In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, or option grants are made to employees, the issuance of such securities could result in further dilution to our stockholders.

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UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma consolidated financial information has been derived by the application of pro forma adjustments to our historical consolidated financial statements included elsewhere in this prospectus.

The unaudited pro forma statement of operations for the fiscal year ended January 30, 2011 gives effect to the Acquisition and related transactions as if such transactions took place on February 1, 2010.

The pro forma adjustments are based upon available information, preliminary estimates and certain assumptions that we believe are reasonable based on information currently available, and are described in the accompanying notes. The pro forma consolidated financial statements are for informational purposes only and should not be considered indicative of actual results that would have been achieved had the transactions set forth above been consummated on the dates indicated and do not purport to indicate results of operations for any future period. The unaudited pro forma condensed consolidated financial information does not give effect to the increased selling, general and administrative expenses associated with being a public company with listed equity securities that we expect to incur in future periods.

The unaudited pro forma consolidated financial information should be read in conjunction with *Prospectus Summary Summary Historical Financial and Other Data*, *Selected Consolidated Financial Data*, *Management s Discussion and Analysis of Financial Condition and Results of Operations* and our consolidated financial statements and related notes included elsewhere in this prospectus. All dollar amounts are presented in thousands except per share amounts.

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Unaudited Pro Forma Consolidated Statement of Operations

for the Year Ended January 31, 2011

	244 Day Period from June 1, 2010 to January 30, 2011 (Successor)	120 Day Period from February 1, 2010 to May 31, 2010 (Predecessor)	January 30, 2011 (Combined)		Pro Forma Adjustments(a)	Pro Forma
Food and beverage revenues	$ 177,044	$ 90,470	$ 267,514		$	$ 267,514
Amusement and other revenues	166,489	87,536	254,025			254,025
Total revenues	$ 343,533	$ 178,006	$ 521,539		$	$ 521,539
Cost of products:						
Cost of food & beverage	$ 41,890	$ 21,817	$ 63,707		$	$ 63,707
Cost of amusement & other	26,832	13,442	40,274			40,274
Total cost of products	68,722	35,259	103,981			103,981
Operating payroll and benefits	85,271	43,969	129,240			129,240
Other store operating expenses	111,456	59,802	171,258	(b)	671	171,929
General & administrative expenses	25,670	17,064	42,734	(c)	(9,947)	32,787
Depreciation & amortization expense	33,794	16,224	50,018	(d)	1,025	51,043
Pre-opening costs	842	1,447	2,289			2,289
Total operating costs	325,755	173,765	499,520		(8,251)	491,269
Operating income	17,778	4,241	22,019		8,251	30,270
Interest expense, net	25,486	6,976	32,462	(e)	740	33,202
Income (loss) before provision (benefit) for income taxes	(7,708)	(2,735)	(10,443)		7,511	(2,932)
Provision (benefit) for income taxes	(2,551)	(597)	(3,148)	(f)	2,264	(884)
Net income (loss)	$ (5,157)	$ (2,138)	$ (7,295)		$ 5,247	$ (2,048)
Net income (loss) per share of common stock:						
Basic	$ (21.07)	*	*			
Diluted	$ (21.07)	*	*			
Weighted average number of shares outstanding:						
Basic	244,748	*	*			
Diluted	244,748	*	*			

* Not meaningful

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Notes to Unaudited Pro Forma Consolidated Statements of Operations

(a) The Acquisition resulted in a change in ownership of 100% of Dave & Buster s, Inc. s outstanding common stock. In accordance with accounting guidance for business combinations, the purchase price paid in the Acquisition has been allocated to record the acquired assets and liabilities assumed based on their fair value as of June 1, 2010. The pro forma adjustments to our historical financial statements are based on the allocation of the purchase price.

As a direct result of the Acquisition, Dave & Buster s incurred certain material, nonrecurring charges that are reflected in our operating results during the fiscal year ended January 30, 2011. These charges include:

	Fiscal Year Ended January 30, 2011
Professional fees and charges required to complete Acquisition	$ 8,918
Acceleration of charges related to Predecessor stock option plan	1,378
Bank fees associated with interim financing of Acquisition	3,000
Pro forma transaction expense adjustment	$ 13,296

(b) Represents the pro forma incremental rent expense resulting from re-establishing the basis for recording straight-line rent expense as required by the application of accounting guidance for business combinations. Also reflects the incremental increase in the amortization of net liabilities associated with the estimated fair value of existing leases as determined by valuation studies and the pro forma incremental impact of changes in asset fair values on losses related to asset disposals.

(c) Represents the elimination of the non-recurring Acquisition charges including professional fees and the acceleration of share-based compensation charges associated with the termination of the Predecessor stock option plan referred to in note (a) above. Additionally, adjustment reflects the pro forma incremental expense resulting from the amortization of prepaid insurance acquired as a result of the Acquisition.

(d) Represents the pro forma incremental change in depreciation and amortization expense resulting from the application of asset valuation studies performed in conjunction with the Acquisition. Dave & Buster s historic results of operations for the fiscal year ended January 30, 2011 reflect depreciation and amortization expense based on asset valuation studies for the 244 day period from June 1, 2010 to January 30, 2011. The pro forma depreciation and amortization expense adjustment consists of the following:

	Fiscal year ended January 30, 2011
Increase in depreciation of fixed assets	$ 1,021
Increase in amortization of intangible assets	4
Total pro forma adjustments to depreciation and amortization expense	$ 1,025

(e) Represents the pro forma incremental interest expense resulting from the new debt issued in conjunction with the Acquisition. Also reflects the elimination of $3,000 in non-recurring bank fees (see note (a)) associated with interim financing of the Acquisition which were recorded as a component of interest expense in the fiscal year ended January 31, 2011. The pro forma adjustment also includes the amortization of debt issuance costs associated with the transaction debt. Dave & Buster s historic results of operations for the fiscal year ended January 30, 2011

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reflect interest expense and debt cost amortization related to the Acquisition debt for 244 day period from June 1, 2010 to January 30, 2011. The interest expense pro forma adjustment consists of the following:

	Fiscal year ended January 30, 2011
Pro forma interest expense on transaction debt	$ 31,431
Bank fees associated with interim financing of Acquisition	(3,000)
Adjust for historic interest expense	(28,490)
Amortization of transaction debt issuance costs	1,924
Adjust for historic amortization of debt issuance	(1,925)
Pro forma impact of canceling interest rate swap agreement	800
Total pro forma adjustments to interest expense	$ 740

(f) The provision for income taxes related to the pro forma adjustments for the fiscal year January 30, 2011 have been estimated based on Dave & Buster s historic effective tax rate for the period.

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SELECTED CONSOLIDATED FINANCIAL DATA

Accounting principles generally accepted in the United States require operating results for D&B Holdings prior to the Acquisition completed June 1, 2010 to be presented as the results of the Predecessor in the historical financial statements. Operating results of Dave & Buster s Entertainment, Inc. subsequent to the Acquisition are presented as the results of the Successor and include all periods including and subsequent to June 1, 2010.

Dave & Buster s Entertainment, Inc. has no material assets or operations other than 100% ownership of the outstanding common stock of D&B Holdings. D&B Holdings has no other material assets or operations other than 100% ownership of the outstanding common stock of Dave & Buster s, Inc.

The statement of operations and cash flows data for the 244 day period from June 1, 2010 to January 30, 2011 (Successor) and the balance sheet data as of January 30, 2011 (Successor) were derived from our audited consolidated financial statements included elsewhere in this prospectus. The statement of operations and cash flows data for each of the 120 day period from February 1, 2010 to May 31, 2010 (Predecessor) and the fiscal years ended January 31, 2010 and February 1, 2009 were derived from the Predecessor s audited consolidated financial statements included elsewhere in this prospectus. The statement of operations and cash flows data for each of the fiscal years ended February 3, 2008, the 334 day period from March 8, 2006 to February 4, 2007 and the 37 day period from January 30, 2006 to March 7, 2006 were derived from the Predecessor s audited consolidated financial statements, which are not included in this prospectus. The balance sheet data as of January 31, 2010 was derived from the Predecessor s audited consolidated financial statements included elsewhere in this prospectus. The balance sheet data as of February 1, 2009, February 3, 2008 and February 4, 2007 were derived from the Predecessor s audited consolidated financial statements, which are not included in this prospectus. The statement of operations and cash flows data for each of the 13 weeks ended May 1, 2011 (Successor) and the 13 weeks ended May 2, 2010 (Predecessor), and the balance sheet data as of May 1, 2011 (Successor) were derived from the unaudited consolidated financial statements included elsewhere in this prospectus. The balance sheet data as of May 2, 2010 (Predecessor) was derived form the unaudited consolidated financial statements, which are not included in this prospectus. In the opinion of management, the unaudited consolidated financial statements include all normal recurring adjustments necessary to present fairly the data for such periods and as of such dates.

This table should be read in conjunction with *Management s Discussion and Analysis of Financial Condition and Results of Operations*, our historical consolidated financial statements and the historical consolidated financial statements of the Predecessor and the notes related thereto, included elsewhere in this prospectus. All dollar amounts are presented in thousands except per share amounts.

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	13 Weeks Ended		Fiscal Year Ended							
	May 1, 2011	**May 2, 2010**	**244 Day Period from June 1, 2010 to January 30, 2011**	**120 Day Period from February 1, 2010 to May 31, 2010**	**January 30, 2011(1)**	**January 31, 2010**	**February 1, 2009**	**February 3, 2008**	**334 Day Period from March 8, 2006 to February 4, 2007**	**37 Day Period from January 30, 2006 to March 7, 2006**
	(Successor)	**(Predecessor)**	**(Successor)**	**(Predecessor)**	**(Combined)**	**(Predecessor)**	**(Predecessor)**	**(Predecessor)**	**(Predecessor)**	**(Predecessor)**
Statement of operations data:										
Revenues:										
Food and beverage revenues	$ 74,262	$ 71,357	$ 177,044	$ 90,470	$ 267,514	$ 269,973	$ 284,779	$ 293,097	$ 256,616	$ 27,562
Amusement and other revenues	74,341	70,218	166,489	87,536	254,025	250,810	248,579	243,175	203,176	22,847
Total revenues	$ 148,603	141,575	343,533	178,006	521,539	520,783	533,358	536,272	459,792	50,409
Operating costs:										
Cost of products:										
Cost of food and beverage	17,952	17,277	41,890	21,817	63,707	65,349	70,520	72,493	64,549	7,111
Cost of amusement and other	10,347	10,586	26,832	13,442	40,274	38,788	34,218	34,252	28,999	3,268
Total cost of products	28,299	27,863	68,722	35,259	103,981	104,137	104,738	106,745	93,548	10,379
Operating payroll and benefits	34,266	33,468	85,271	43,969	129,240	132,114	139,508	144,920	130,123	14,113
Other store operating expenses	45,105	45,605	111,456	59,802	171,258	174,685	174,179	171,627	147,295	15,323
General & administrative expenses(2)	8,811	8,618	25,670	17,064	42,734	30,437	34,546	38,999	35,055	3,829
Depreciation & amortization expense	13,070	12,500	33,794	16,224	50,018	53,658	49,652	51,898	43,892	4,328
Pre-opening costs	740	1,189	842	1,447	2,289	3,881	2,988	1,002	3,470	880
Total operating costs	130,291	129,243	325,755	173,765	499,520	498,912	505,611	515,191	453,383	48,852
Operating income	18,312	12,332	17,778	4,241	22,019	21,871	27,747	21,081	6,409	1,557
Interest expense, net	10,657	5,348	25,486	6,976	32,462	22,122	26,177	31,183	27,064	649
Income (loss) before provision (benefit) for income taxes	7,655	6,984	(7,708)	(2,735)	(10,443)	(251)	1,570	(10,102)	(20,655)	908
Provision (benefit) for income taxes	2,477	3,073	(2,551)	(597)	(3,148)	99	(45)	(1,261)	(8,592)	422
Net income (loss)	$ 5,178	$ 3,911	(5,157)	$ (2,138)	$ (7,295)	$ (350)	$ 1,615	$ (8,841)	$ (12,063)	$ 486
Net income (loss) per share of common stock:										
Basic	$ 30.17	*	$ (21.07)	*	*	*	*	*	*	*
Diluted	$ 29.93	*	$ (21.07)	*	*	*	*	*	*	*

Weighted average number of shares outstanding:										
Basic	171,630	*	244,748	*	*	*	*	*	*	*
Diluted	173,002	*	244,748	*	*	*	*	*	*	*
As Adjusted Consolidated Statements of Operations Data (3):										
As Adjusted net income										
As Adjusted earnings per share:										
Basic										
Dilutive										
As Adjusted weighted average shares outstanding:										
Basic										
Dilutive										
Statement of cash flow data:										
Cash provided by (used in):										
Operating activities	$ 21,378	$ 9,445	$ 25,240	$ 11,295	$ 36,535	$ 59,054	$ 52,197	$ 50,573	$ 43,678	$ 10,741
Investing activities	(7,532)	(6,985)	(102,744)	(12,975)	(115,719)	(48,406)	(49,084)	(30,899)	(341,104)	(10,600)
Financing activities	(675)	(125)	97,034	(125)	96,909	(2,500)	(13,625)	(11,000)	299,986	89

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	13 Weeks Ended		Fiscal Year Ended							
	May 1, 2011	May 2, 2010	244 Day Period from June 1, 2010 to January 30, 2011	120 Day Period from February 1, 2010 to May 31, 2010	January 30, 2011(1)	January 31, 2010	February 1, 2009	February 3, 2008	334 Day Period from March 8, 2006 to February 4, 2007	37 Day Period from January 30, 2006 to March 7, 2006
	(Successor)	(Predecessor)	(Successor)	(Predecessor)	(Combined)	(Predecessor)	(Predecessor)	(Predecessor)	(Predecessor)	(Predecessor)
Balance sheet data (as of end of period):										
Cash and cash equivalents	$ 47,578	$ 19,017	$ 34,407			$ 16,682	$ 8,534	$ 19,046	$ 10,372	
Working capital (deficit)(4)	13,733	(22,737)	(5,186)			(33,922)	(40,118)	(34,984)	(35,594)	
Property & equipment, net	300,051	285,732	304,819			294,151	296,805	296,974	316,840	
Total assets	779,692	482,571	764,542			483,640	480,936	496,203	506,813	
Total debt, gross	529,290	227,125	349,250			227,250	229,750	243,375	254,375	
Stockholders equity	148,800	97,004	239,830			92,646	92,023	90,756	96,705	

* Not meaningful.

(1) Affiliates of the Oak Hill Funds acquired all of the outstanding capital stock of Dave & Buster s Holdings, Inc. as part of the Acquisition. Accounting principles generally accepted in the United States require operating results for the Company prior to the June 1, 2010 acquisition to be presented as Predecessor s results in the historical financial statements. Operating results for the Company subsequent to the June 1, 2010 acquisition are presented or referred to as Successor s results in our historical financial statements. References to the 52 week period ended January 30, 2011, included in this prospectus relate to the combined 244 day period ended January 30, 2011 of the Successor and the 120 day period ended May 31, 2010 of the Predecessor. The results for the Successor period include the impacts of purchase accounting. However, we believe that the discussion of our combined operational results is appropriate as we highlight operational changes as well as purchase accounting related items.

(2) General and administrative expenses during the fiscal year ended January 30, 2011 includes $4,638 and $4,280 of transaction costs in the Successor and Predecessor periods, respectively.

(3) The as adjusted consolidated statement of operations data give effect to the receipt and application of $ proceeds to us from this offering as described in Use of Proceeds , as if it had occurred as of January 31, 2011. The as adjusted consolidated statement of operations data is not necessarily indicative of what our results of operations would have been if the transaction had been completed as of the date indicated, nor is such data necessarily indicative of our results of operations for any future period.

(4) Defined as total current assets minus total current liabilities.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with the audited consolidated financial statements, and related notes included herein. Unless otherwise specified, the meanings of all defined terms in Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) are consistent with the meanings of such terms as defined in the Notes to Consolidated Financial Statements. This discussion includes forward-looking statements and assumptions. Please see Cautionary Statement Regarding Forward-Looking Statements for a discussion of the risks, uncertainties and assumptions relating to our forward-looking statements. We define high-volume dining and entertainment venues as those open for at least one full year and with average store revenues in excess of $5,000 and define year one cash-on-cash return as year one Store-level EBITDA exclusive of national marketing costs divided by net development costs. All dollar amounts are presented in thousands.

General

We are a leading owner and operator of high-volume venues that combine dining and entertainment in North America for both adults and families. Founded in 1982, the core of our concept is to offer our guests the opportunity to *Eat Drink Play* all in one location. We believe we are currently the only chain offering on a national basis a full menu of high-quality food items and a full selection of non-alcoholic and alcoholic beverage items together with an extensive assortment of entertainment attractions, including skill and sports-oriented redemption games, video games, interactive simulators and other traditional games. Unlike the strategy of many restaurants of shortening visit times by focusing on turning tables faster, we aim to increase the length of stay in our locations to generate incremental revenues and improve the guest s experience. While our guests are primarily a balanced mix of men and women aged 21 to 39, we believe we are also an attractive venue for families with children and teenagers. As of August 1, 2011, we owned and operated 57 stores in 24 states and Canada. In addition, there is one franchised store operating in Canada. The formats of our stores are flexible, which allows us to size each store appropriately for each market in which we compete. Our stores average 48,000 square feet, range in size between 16,000 and 66,000 square feet and are open seven days a week. For the twelve months ended May 1, 2011, we generated total revenues, Adjusted EBITDA and net income of $528,567, $92,950 and $(5,157), respectively. For fiscal 2010 and the 13 weeks ended May 1, 2011, we had total revenues of $521,539 and $148,603, respectively, Adjusted EBITDA of $86,280 and $33,635, respectively, and net income (loss) of $(7,295) (combined) and $5,178, respectively.

We believe we have an attractive store economic model that enables us to generate high average store revenues and Store-level EBITDA. For comparable stores in fiscal 2010, our average revenues per store were $9,839, average Store-level EBITDA was $2,141 and average Store-level EBITDA margin was 22%. During fiscal 2010, 46 of our then 48 existing comparable stores qualified as high volume under our definition. Furthermore, for that same period, all of our Dave & Buster s comparable stores had positive Store-level EBITDA, with over 85% of our stores generating more than $1,000 of Store-level EBITDA each. After allocating corporate selling, general and administrative expenses, our corporate Adjusted EBITDA margin was 16.5% for fiscal 2010. A key feature of our business model is that approximately 49% of our total revenues for fiscal 2010 were from entertainment, which contributed a gross margin of 84% for the period.

Corporate History

Overview

In 1982, David Dave Corriveau and James Buster Corley founded Dave & Buster s under the belief that there was consumer demand for a combined experience of entertainment, food and drinks.

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We opened our first store in Dallas, Texas in 1982 and since then we have expanded our portfolio nationally to 57 stores across 24 states and Canada.

From 1997 to early 2006, we operated as a public company under the leadership of Dave and Buster. In March 2006, Dave & Buster s, Inc. was acquired by Dave & Buster s Holdings, Inc. (D&B Holdings), a holding company controlled by affiliates of Wellspring Capital Partners III, L.P. (Wellspring) and HBK Main Street Investors L.P. (HBK). In connection with the acquisition of Dave & Buster s by Wellspring and HBK, Dave & Buster s common stock was delisted from the New York Stock Exchange. In addition, in 2006 we hired our current management team led by our Chief Executive Officer, Stephen King.

On June 1, 2010, Dave & Buster s Entertainment, Inc. (formerly known as Dave & Buster s Parent, Inc. and originally named Games Acquisition Corp.), a newly-formed Delaware corporation owned by Oak Hill Capital Partners III, L.P. and Oak Hill Capital Management Partners III, L.P. (collectively, the Oak Hill Funds and together with their manager, Oak Hill Capital Management, LLC, and its related funds, Oak Hill Capital Partners) acquired all of the outstanding common stock (the Acquisition) of D&B Holdings from Wellspring and HBK. In connection therewith, Games Merger Corp., a newly-formed Missouri corporation and an indirect wholly-owned subsidiary of Dave & Buster s Entertainment, Inc., merged (the Merger) with and into D&B Holdings wholly- owned, direct subsidiary, Dave & Buster s, Inc. (with Dave & Buster s, Inc. being the surviving corporation in the Merger). As a result of the Acquisition and certain post-acquisition activity, the Oak Hill Funds indirectly control approximately 95.7% of our outstanding common stock and have the right to appoint certain members of our Board of Directors, and certain members of our Board of Directors and management control approximately 4.3% of our outstanding common stock. Upon completion of this offering, the Oak Hill Funds will beneficially own approximately % of our outstanding common stock, or % if the underwriters exercise their option to purchase additional shares in full, and certain members of our Board of Directors and our management will beneficially own approximately % of our common stock or % if the underwriters exercise their option to purchase additional shares in full. The Oak Hill Funds and certain members of our Board of Directors and our management who are party to a stockholders agreement will continue to own a majority of the voting power of our outstanding common stock. As a result, we will be a controlled company within the meaning of the corporate governance standards of the NYSE and NASDAQ. See Principal Stockholders.

Dave & Buster s Entertainment, Inc. has no other material assets or operations other than 100% ownership of the outstanding common stock of D&B Holdings. D&B Holdings has no other material assets or operations other than 100% ownership of the outstanding common stock of Dave & Buster s, Inc. As such, the following discussion, unless specifically identified otherwise, addresses the operations of Dave & Buster s, Inc.

Acquisition of Dave & Buster s Holdings, Inc.

On the closing date of the Acquisition the following events occurred:

- All outstanding shares of D&B Holdings common stock were converted into the right to receive the per share acquisition consideration;

- All vested options to acquire D&B Holdings common stock were converted into the right to receive an amount in cash equal to the difference between the per share exercise price and the per share acquisition consideration without interest;

- Dave & Buster s, Inc. retired all outstanding debt and accrued interest related to its senior credit facility and senior notes;

- Dave & Buster s, Inc. issued $200,000 of 11% senior notes due 2018 (the existing senior notes);

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Dave & Buster s, Inc. entered into a senior secured credit facility which provides for senior secured financing of up to $200,000 consisting of:

a $150,000 term loan facility with a maturity on June 1, 2016, and

a $50,000 revolving credit facility, including a sub-facility of up to the U.S. dollar equivalent of $1,000 for borrowings in Canadian dollars by our Canadian subsidiary, a letter of credit sub-facility, and a swingline sub-facility, with a maturity on June 1, 2015.

The Acquisition resulted in the newly formed Dave & Buster s Parent, Inc. (now known as Dave & Buster s Entertainment, Inc.) and a change in ownership of 100% of D&B Holdings and Dave & Buster s, Inc. s outstanding common stock. The purchase price paid in the Acquisition has been pushed down to Dave & Buster s, Inc. s financial statements and is allocated to record the acquired assets and liabilities assumed based on their fair value. The Acquisition and the allocation of the purchase price to the assets and liabilities as of June 1, 2010 has been recorded based on internal assessments and third party valuation studies.

The aggregate purchase price was $595,998 in cash and newly issued debt, as described above. The following table represents the allocation of the acquisition costs, including professional fees and other related costs, to the assets acquired and liabilities assumed, based on their fair values:

At June 1, 2010	
Purchase price:	
Cash, including acquisition costs	$ 245,498
Debt, including debt issuance costs, net of discount	350,500
Total consideration	595,998
Acquisition related costs, including debt issuance costs:	
Included in general and administrative expenses for the fifty-two weeks ended January 30, 2011	8,918
Included in interest expense for the fifty-two weeks ended January 30, 2011	3,000
Included in Other long-term assets (debt issuance costs)	12,591
Total acquisition related costs	24,509
Allocation of purchase price:	
Current assets, including cash and cash equivalents of $19,718 and a current deferred tax asset of $16,073	71,287
Property and equipment	315,914
Trade name	79,000
Other assets and deferred charges, including definite lived intangibles of $10,700	37,702
Goodwill	272,359
Total assets acquired	776,262
Current liabilities	64,958
Deferred occupancy costs	65,521
Deferred income taxes	36,928
Other liabilities	12,857
Total liabilities assumed	180,264
Net assets acquired, before debt	595,998
Newly issued long-term debt, net of discount	350,500
Net assets acquired	$ 245,498

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The following table presents the allocation of the intangible assets subject to amortization:

	Amount	Weighted Avg. Amortization Years
Trademarks	$ 8,500	7.0
Non-compete agreements	500	2.0
Guest relationships	1,700	9.0
Total intangible assets subject to amortization	$ 10,700	7.1

The goodwill of $272,359 arising from the Acquisition is largely attributable to the future expected cash flows and growth potential of Dave & Buster s, Inc. As the Company does not have more than one operating segment, allocation of goodwill between segments is not required. A portion of the trademarks are deductible for tax purposes. No other intangibles, including goodwill, are deductible for tax purposes.

Post-Acquisition Activity

On September 30, 2010, we purchased $1,500 of our common stock from a former member of management, of which $1,000 has been paid prior to May 1, 2011. The Company has accrued $500 for the remaining installment of the purchase price. The purchased shares are being held as Treasury Stock by the Company.

On February 22, 2011, we issued $180,790 aggregate principal amount at maturity of 12.25% senior discount notes (the existing discount notes). The notes will mature on February 15, 2016. No cash interest will accrue on the notes prior to maturity. We received net proceeds of $100,000, which we used to pay debt issuance costs and to repurchase a portion of our outstanding common stock from certain of our stockholders. We did not retain any proceeds from the note issuance. Dave & Buster s Entertainment, Inc. is the sole obligor of the notes. Neither D&B Holdings, Dave & Buster s, Inc. or any of their subsidiaries are guarantors of these notes.

On March 23, 2011, we sold to a member of management seventy-five newly issued shares of our common stock for an aggregate sale price equal to $75, the value based on an independent third party valuation prepared as of January 31, 2011.

On June 28, 2011, we purchased approximately ninety shares of our common stock from a former member of management for approximately $90. The purchased shares are being held as Treasury Stock by the Company.

Upon completion of this offering, the Oak Hill Funds will beneficially own approximately % of our outstanding common stock, or % if the underwriters exercise their option to purchase additional shares in full, and certain members of our Board of Directors and our management will beneficially own approximately % of our common stock, or % if the underwriters exercise their option to purchase additional shares in full.

Expense Reimbursement Agreement

We entered into an expense reimbursement agreement with Oak Hill Capital Management, LLC, concurrently with the consummation of the Acquisition. Pursuant to this agreement, Oak Hill Capital Management, LLC provides general advice to us in connection with our long-term strategic plans, financial management, strategic transactions and other business matters. The expense reimbursement

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agreement provides for the reimbursement of certain expenses of Oak Hill Capital Management, LLC. The initial term of the expense reimbursement agreement expires in June 2015 and after that date such agreement will renew automatically on a year-to-year basis unless one party gives at least 30 days prior notice of its intention not to renew.

Presentation of Operating Results

Accounting principles generally accepted in the United States require operating results of D&B Holdings prior to the June 1, 2010 Acquisition to be presented as the Predecessor s results in the historical financial statements. Operating results of Dave & Buster s Entertainment, Inc. subsequent to the Acquisition are presented as the Successor s results and include all periods including and subsequent to June 1, 2010. There have been no changes in the business operations of the Company due to the Acquisition.

Our fiscal year ends on the Sunday after the Saturday closest to January 31. All references to the first quarter of 2011 relate to the 13 week period ended May 1, 2011 of the Successor. All references to the first quarter of 2010 relate to the 13 week period ended May 2, 2010 of the Predecessor. All references to fiscal 2010 relate to the combined 244 day period ended January 30, 2011 of the Successor and the 120 day period ended May 31, 2010 of the Predecessor. All references to fiscal 2009 relate to the 52 week period ended January 31, 2010 of the Predecessor. All references to fiscal 2008 relate to the 52 week period ended February 1, 2009 of the Predecessor. The results for the Successor periods include the impacts of applying purchase accounting. However, we believe that the discussion of our operational results on comparable fiscal periods is appropriate as we highlight operational changes as well as purchase accounting related items.

As of May 1, 2011, Dave & Buster s Entertainment, Inc. had no material assets or operations other than 100% ownership of the outstanding common stock of D&B Holdings. For the same period, D&B Holdings had no other material assets or operations other than 100% ownership of the outstanding common stock of Dave & Buster s, Inc. As such, our discussions, unless specifically identified otherwise, addresses the operations of Dave & Buster s, Inc.

Overview

We monitor and analyze a number of key performance measures in order to manage our business and evaluate financial and operating performance. These measures include:

Revenues. Revenues consist of food and beverage revenues as well as amusement and other revenues. Beverage revenues refers to alcoholic beverages. For the thirteen weeks ended May 1, 2011, we derived 34.6% of our total revenue from food sales, 15.4% from beverage sales, 49.1% from amusement sales and 0.9% from other sources. In fiscal 2010, we derived 35.7% of our total revenue from food sales, 15.6% from beverage sales, 47.7% from amusement sales and 1.0% from other sources. Our revenues are primarily influenced by the number of stores in operation and comparable store revenue. Comparable store revenue growth reflects the change in year-over-year revenue for the comparable store base and is an important measure of store performance. We define the comparable store base to include those stores open for a full 18 months as of the beginning of each fiscal period. Percentage changes have been calculated based on an equivalent number of weeks in both the current and comparison periods. Comparable store sales growth can be generated by an increase in guest traffic counts or by increases in average dollars spent per guest.

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Cost of Products. Cost of products includes the cost of food, beverages and the Winner s Circle redemption items. For the thirteen weeks ended May 1, 2011, the cost of food products averaged 24.5% of food revenue and the cost of beverage products averaged 23.4% of beverage revenue. The amusement and other cost of products averaged 13.9% of amusement and other revenues. During fiscal 2010, the cost of food products averaged 23.9% of food revenue and the cost of beverage products averaged 23.6% of beverage revenue. The amusement and other cost of products averaged 15.9% of amusement and other revenues. The cost of products is driven by product mix and pricing movements from third-party suppliers. We continually strive to gain efficiencies in both the acquisition and use of products while maintaining high standards of product quality.

Operating Payroll and Benefits. Operating payroll and benefits consist of wages, employer taxes and benefits for store personnel. We continually review the opportunity for efficiencies principally through scheduling refinements.

Other Store Operating Expenses. Other store operating expenses consist primarily of store-related occupancy, supply and outside service expenses, utilities, repair and maintenance and marketing and promotional costs.

Store-level Variability, Quarterly Fluctuations, Seasonality, and Inflation. We have historically operated stores varying in size and have experienced significant variability among stores in volumes, operating results and net investment costs. Our new locations typically open with sales volumes in excess of their run-rate levels, which we refer to as a honeymoon effect. We expect our new store volumes and margins to be lower in the second full year of operations than in their first full year of operations, and to grow in line with the rest of our comparable store base thereafter. As a result of the substantial revenues associated with each new store, the timing of new store openings will result in significant fluctuations in quarterly results.

We also expect seasonality to be a factor in the operation or results of the business in the future with higher first and fourth quarter revenues associated with the spring and year-end holidays. These quarters will continue to be susceptible to the impact of severe weather on guest traffic and sales during that period. Our third quarter, which encompasses the end of the summer vacation season, has historically had lower revenues as compared to the other quarters.

We expect that volatile economic conditions will continue to exert pressure on both supplier pricing and consumer spending related to entertainment and dining alternatives. Although there is no assurance that our cost of products will remain stable or that federal or state minimum wage rates will not increase beyond amounts currently legislated, the effects of any supplier price increases or minimum wage rate increases are expected to be partially offset by selected menu price increases where competitively appropriate.

Charges in Connection With This Offering and Related Transactions

Following this offering, we expect to incur a number of other one-time charges in connection with the transactions contemplated by this prospectus that will adversely affect our results of operations. For example, if we fully repaid the existing discount notes we currently estimate that we will incur charges aggregating approximately $ representing the payment of $ of premiums and expenses in connection with the reduction of our aggregate indebtedness by approximately $.

Following this offering, we may incur a charge related to the compensation expense associated with the vesting of the options held by certain members of our management and directors. This vesting may occur in connection with the consummation of this offering or with a modification of the terms of the existing stock-based compensation arrangements.

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Results of Operations

The following table sets forth selected data in thousands of dollars and as a percentage of total revenues (unless otherwise noted) for the periods indicated. All information is derived from the consolidated statements of operations included in this prospectus.

We have prepared our discussions of the Successor s fiscal 2011 first quarter through comparison to the Predecessor s fiscal 2010 first quarter. Similarly, we have prepared our discussion of the fiscal 2010 results of operations by combining the Predecessor and Successor results of operations and cash flows during the fiscal year ended January 30, 2011 and comparing the combined data to the results of operations and cash flows for fiscal year ended January 31, 2010. The results for the Successor periods include the impacts of applying purchase accounting. We believe that the discussion of our combined operational results, while on a different basis of accounting related to the application of purchase accounting, is appropriate as we highlight the impact of operational changes as well as purchase accounting related items.

	13 Weeks Ended			
	May 1, 2011 (Successor)		May 2, 2010 (Predecessor)	
Food and beverage revenues	$ 74,262	50.0%	$ 71,357	50.4%
Amusement and other revenues	74,341	50.0	70,218	49.6
Total revenues	$ 148,603	100.0%	$ 141,575	100.0%
Cost of food and beverage	$ 17,952	24.2%	$ 17,277	24.2%
Cost of amusement and other	10,347	13.9	10,586	15.1
Total cost of products	28,299	19.0	27,863	19.7
Operating payroll and benefits	34,266	23.1	33,468	23.6
Other store operating expenses	45,105	30.4	45,605	32.2
General & administrative expenses	8,811	5.9	8,618	6.1
Depreciation & amortization expense	13,070	8.8	12,500	8.8
Pre-opening costs	740	0.5	1,189	0.8
Total operating costs	130,291	87.7	129,243	91.2
Operating income	18,312	12.3	12,332	8.8
Interest expense, net	10,657	7.2	5,348	3.8
Income (loss) before provision (benefit) for income taxes	7,655	5.1	6,984	5.0
Provision (benefit) for income taxes	2,477	1.6	3,073	2.2
Net income (loss)	$ 5,178	3.5%	$ 3,911	2.8%
Statement of cash flow data:				
Cash provided by (used in):				
Operating activities	$ 21,378		$ 9,445	
Investing activities	(7,532)		(6,985)	
Financing activities	(675)		(125)	
Change in comparable store sales(1)	6.2%		(2.5)%	
Stores open at end of period(2)	58		57	
Comparable stores open at end of period(1)	53		49	

(1) Comparable store sales (year-over-year comparison of stores open at least 18 months as of the beginning of each of the fiscal years) is a key performance indicator used within the industry and is indicative of acceptance of our initiatives as well as local economic and consumer trends.

(2) The number of stores open at May 1, 2011 includes one franchise location in Canada and our location in Nashville, Tennessee, which temporarily closed on May 2, 2010 due to flooding. The Nashville location remains closed as of May 1, 2011. Also included is one store in Dallas, Texas, which was permanently closed on May 2, 2011. Excluded is one store in Orlando, Florida, which opened July 18, 2011.

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Thirteen Weeks Ended May 1, 2011 compared to Thirteen Weeks Ended May 2, 2010

Revenues

Total revenues increased 5.0% or $7,028 in the first quarter of 2011 compared to the first quarter of 2010. Comparable store revenue increased 6.2% or $8,370 in the first quarter of 2011 compared to the first quarter of 2010. Comparable special events revenues, which accounted for 9.8% of consolidated comparable store revenue in the first quarter of 2011, increased 9.6% or $1,229 in the first quarter of 2011 compared to the first quarter of 2010. Comparable walk-in revenues, which accounted for 90.2% of consolidated comparable store revenue in the first quarter of 2011, increased 5.8% or $7,141 in the first quarter of 2011 compared to the first quarter of 2010.

The increased revenues were derived from the following sources:

Comparable stores	$ 8,370
Non comparable stores - operating	1,392
Non comparable stores - flood-related closure of store in Nashville, Tennessee	(2,745)
Other	11
Total	$ 7,028

Sales grew in each component of our business, but the growth was led by amusements revenue. Food sales at comparable stores increased by $2,724, or 5.8% to $49,623 in the first quarter of 2011 from $46,899 in the first quarter of 2010. Beverage sales at comparable stores increased by $770, or 3.6% to $22,153 in the first quarter of 2011 from $21,383 in the first quarter of 2010. Comparable store amusements and other revenues in the first quarter of 2011 increased by $4,876 or 7.3% to $72,075 from $67,199 in the first quarter of 2010. The growth in amusement sales over the period was sparked primarily by an increase in promotional offer activity. As part of our strategy, we expect to continue to engage in promotional activities, including launching customized local store marketing programs and expanding our search engine and social marketing efforts, however, we cannot predict what the impact will be on our amusement revenue in future periods.

Non-comparable store revenues decreased by a total of $1,353. Revenue increases of $1,392 associated with new store openings were more than offset by a $2,745 revenue reduction caused by the flood-related closure of our store in Nashville, Tennessee.

Our revenue mix was 50.0% for food and beverage and 50.0% for amusements and other for the first quarter of 2011. This compares to 50.4% and 49.6%, respectively, for the first quarter of 2010.

Cost of products

Cost of food and beverage increased to $17,952 in the first quarter of 2011 from $17,277 in the first quarter of 2010 due to the increased sales volume. Cost of food and beverage was 24.2% of food and beverage revenue for the first quarter of both 2011 and 2010. Increased cost pressure in our produce, meat and seafood products was offset by reduced poultry, grocery and beverage costs.

Cost of amusement and other revenues decreased to $10,347 in the first quarter of 2011 from $10,586 in the first quarter of 2010. The costs of amusements and other, as a percentage of amusements and other revenues decreased 120 basis points to 13.9% of amusement and other revenue for the first quarter of 2011 compared to 15.1% for the first quarter of 2010. This decrease is primarily a result of lower costs of certain redemption items as a result of strategic sourcing initiatives, increases in the ticket redemption prices at our Winner s Circle and select game price increases.

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Operating payroll and benefits

Operating payroll and benefits increased by $798, or 2.4%, to $34,266 in the first quarter of 2011 from $33,468 in the first quarter of 2010. The expense increase was primarily driven by increased sales volumes as the total cost of operating payroll and benefits as a percent of total revenue declined by approximately 50 basis points to 23.1% in the first quarter of 2011 compared to 23.6% in the first quarter of 2010. The improved labor productivity was primarily driven by gains in kitchen labor as a result of continued focus on labor scheduling and favorable sales leverage.

Other store operating expenses

Other store operating expenses decreased by $500, or 1.1%, to $45,105 in the first quarter of 2011 from $45,605 in the first quarter of 2010. Other store operating expenses as a percentage of revenues decreased 180 basis points to 30.4% for the first quarter of 2011 compared to 32.2% for the same period of 2010. The decrease in other operating expense as a percent of total revenue was primarily driven by reduced charges related to estimated general liability claims expense, the reimbursement for lost profits related to the closure of our Nashville location due to flooding and the impact of improved sales leverage on our occupancy costs. These reductions were partially offset by expense increases associated with our marketing and promotional initiatives.

General and administrative expenses

General and administrative expenses consist primarily of personnel, facilities and professional expenses for the various departments of our corporate headquarters. General and administrative expenses increased by $194, or 2.3%, to $8,811 in the first quarter of 2011 from $8,617 in the first quarter of 2010.

Depreciation and amortization expense

Depreciation and amortization expense includes the depreciation of fixed assets and the amortization of trademarks with finite lives. Depreciation and amortization expense increased by $569, or 4.6%, to $13,070 in the first quarter of 2011 from $12,501 in the first quarter of 2010. This increase is due primarily to increases in depreciation from new store openings and maintenance capital expenditures, partially offset by decreases in depreciation due to the closure of our Nashville location during fiscal year 2010.

Also contributing to the increase in depreciation expense is higher depreciation of $757 for the first quarter of fiscal 2011 associated with net increases in the fair value and changes in estimated useful lives of certain assets as a result of purchase accounting for the Acquisition.

Pre-opening costs

Pre-opening costs include costs associated with the opening and organizing of new stores or conversion of existing stores, including pre-opening rent, staff training and recruiting, and travel costs for employees engaged in such pre-opening activities. Pre-opening costs decreased by $449, or 37.8% to $740 in the first quarter of 2011 from $1,189 in the first quarter of 2010 due to the timing of new store openings. During the first quarter of 2011, our pre-opening costs consisted primarily of expenses incurred in connection with our Orlando, Florida store, which opened for business in July 2011. During the first quarter of 2010, our pre-opening costs were primarily attributable to our Wauwatosa (Milwaukee), Wisconsin and Roseville, California stores, which opened for business on March 1, 2010 and May 3, 2010, respectively.

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Interest expense

Interest expense includes the cost of our debt obligations including the amortization of loan fees and original issue discounts, adjustments to mark the interest rate swap contracts to fair value (for the Predecessor period only) and any interest income earned. Interest expense increased by $5,309 to $10,657 in the first quarter of 2011 from $5,348 in the first quarter of 2010 primarily as a result of the Acquisition and issuance of the existing discount notes by Dave & Buster s Entertainment, Inc. Increased debt levels of the existing senior notes and senior credit facility as a result of the Acquisition elevated our interest expense in the quarter by approximately $2,200. Accretion on discounted notes, which did not exist in the prior year period, increased interest expense by $2,360. Debt cost amortization expense due to the Acquisition increased by $292 over debt amortization costs recorded in the first quarter of 2010.

Provision for income taxes

Provision for income taxes consisted of an aggregate income tax expense of $2,477 in the first quarter of 2011, and an income tax expense of $3,073 in the first quarter of 2010. Our effective tax rate differs from the statutory rate due to changes in the tax valuation allowance, the deduction for FICA tip credits, state income taxes and the impact of certain expenses which are not deductible for income tax purposes.

As a result of our experiencing cumulative losses before income taxes for the three-year period ended May 1, 2011, we have concluded that it is more likely than not that a portion of our federal and state deferred tax assets will not be fully realized. At May 1, 2011, we estimate an increase in our valuation allowance for the year ending January 29, 2012 in the amount of $1,340 may be required, and we have considered the change in the valuation allowance in the estimated effective income tax rate for fiscal year 2011. The ultimate realization of our deferred tax assets is dependent on the generation of future taxable income during periods in which temporary differences and carryforwards become deductible.

We have previously adopted the accounting guidance for uncertainty in income taxes. This guidance limits the recognition of income tax benefits to those items that meet the more likely than not threshold on the effective date. As of May 1, 2011, we have accrued approximately $1,016 of unrecognized tax benefits, including an additional amount of approximately $1,000 of penalties and interest. During the thirteen weeks ended May 1, 2011, we increased our unrecognized tax benefit by $136 and increased our accrual for interest and penalties by $57. Future recognition of potential interest or penalties, if any, will be recorded as a component of income tax expense. Because of the impact of deferred tax accounting, $989 of unrecognized tax benefits, if recognized, would impact the effective tax rate.

As a result of the tax consequences associated with certain Acquisition related expenses between the seller and the acquirer, the Company generated certain tax attributes related to stock compensation deductions which were accounted for in accordance with current accounting guidance related to share based payments and the delay in recognition of the associated deduction of such amounts. These attributes were measured and recorded as deferred tax assets based on fair value adjustments as a result of the Acquisition.

We file income tax returns, which are periodically audited by various federal, state and foreign jurisdictions. We are generally no longer subject to federal, state, or foreign income tax examinations for years prior to fiscal 2006.

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							Fiscal Year Ended					
	244 Day Period from June 1, 2010 to January 30, 2011 (Successor)		120 Day Period from February 1, 2010 to May 31, 2010 (Predecessor)		January 30, 2011 (Combined)		January 30, 2011 (Proforma)(1)		January 31, 2010 (Predecessor)		February 1, 2009 (Predecessor)	
Food and beverage revenues	$ 177,044	51.5%	$ 90,470	50.8%	$ 267,514	51.3%	$ 267,514	51.3%	$ 269,973	51.8%	$ 284,779	53.4%
Amusement and other revenues	166,489	48.5	87,536	49.2	254,025	48.7	254,025	48.7	250,810	48.2	248,579	46.6
Total revenues	$ 343,533	100.0%	$ 178,006	100.0%	$ 521,539	100.0%	$ 521,539	100.0%	$ 520,783	100.0%	$ 533,358	100.0%
Cost of food and beverage	$ 41,890	23.7%	$ 21,817	24.1%	$ 63,707	23.8%	$ 63,707	23.8%	$ 65,349	24.2%	$ 70,520	24.8%
Cost of amusement and other	26,832	16.1	13,442	15.4	40,274	15.9	40,274	15.9	38,788	15.5	34,218	13.8
Total cost of products	68,722	20.0	35,259	19.8	103,981	19.9	103,981	19.9	104,137	20.0	104,738	19.6
Operating payroll and benefits	85,271	24.8	43,969	24.7	129,240	24.8	129,240	24.8	132,114	25.4	139,508	26.2
Other store operating expenses	111,456	32.5	59,802	33.6	171,258	32.9	171,929	33.0	174,685	33.6	174,179	32.6
General & administrative expenses(2)	25,670	7.5	17,064	9.6	42,734	8.2	32,787	6.3	30,437	5.8	34,546	6.5
Depreciation & amortization expense	33,794	9.8	16,224	9.1	50,018	9.6	51,043	9.8	53,658	10.3	49,652	9.3
Pre-opening costs	842	0.2	1,447	0.8	2,289	0.4	2,289	.4	3,881	0.7	2,988	0.6
Total operating costs	325,755	94.8	173,765	97.6	499,520	95.8	491,269	94.2	498,912	95.8	505,611	94.8
Operating income	17,778	5.2	4,241	2.4	22,019	4.2	30,270	5.8	21,871	4.2	27,747	5.2
Interest expense, net	25,486	7.4	6,976	3.9	32,462	6.2	33,202	6.4	22,122	4.2	26,177	4.9
Income (loss) before provision (benefit) for income taxes	(7,708)	(2.2)	(2,735)	(1.5)	(10,443)	(2.0)	(2,932)	(.6)	(251)	(0.0)	1,570	0.3
Provision (benefit) for income taxes	(2,551)	(0.7)	(597)	(0.3)	(3,148)	(0.6)	(884)	(.2)	99	0.0	(45)	(0.0)
Net income (loss)	$ (5,157)	(1.5)%	$ (2,138)	(1.2)%	$ (7,295)	(1.4)%	(2,048)	(0.4)%	$ (350)	(0.0)%	$ 1,615	0.3%
Statement of cash flow data:												

Cash provided by (used in):					
Operating activities	$ 25,240	$ 11,295	$ 36,535	$ 59,054	$ 52,197
Investing activities	(102,744)	(12,975)	(115,719)	(48,406)	(49,084)
Financing activities	97,034	(125)	96,909	(2,500)	(13,625)
Change in comparable store sales(3)			(1.9)%	(7.8)%	(2.8)%
Stores open at end of period(4)			58	56	52
Comparable stores open at end of period(3)			48	47	46

(1) The supplemental unaudited pro forma statement of operations for the fiscal year ended January 31, 2011 gives effect to the Acquisition and related transactions as if such transactions took place on February 1, 2010. This unaudited pro forma information should not be relied upon as necessarily being indicative of the historical results that would have been obtained if the Acquisition had actually occurred on that date, nor the results that may be obtained in the future. Pro forma amounts reflect additional expenses incurred had the Acquisition occurred at the time as indicated above. For additional information on these adjustments, see Unaudited Pro Forma Financial Information.

(2) General and administrative expenses during the fiscal year ended January 30, 2011 includes $4,638 and $4,280 of transaction costs in the Successor and Predecessor periods, respectively.

(3) Comparable store sales (year-over-year comparison of stores open at least 18 months as of the beginning of each of the fiscal years) is a key performance indicator used within the industry and is indicative of acceptance of our initiatives as well as local economic and consumer trends.

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(4) The number of stores open at January 31, 2011 includes one franchise location in Canada and our location in Nashville, Tennessee, which temporarily closed on May 2, 2010 due to flooding. The Nashville location remains closed as of January 31, 2011. Also included is one store in Dallas, Texas, which was permanently closed on May 2, 2011. Our new store openings during the last three fiscal years were as follows:

Fiscal Year Ended January 30, 2011		Fiscal Year Ended January 31, 2010		Fiscal Year Ended February 1, 2009	
Location	Opening Date	Location	Opening Date	Location	Opening Date
Wauwatosa, WI	03/01/2010	Richmond, VA	04/20/2009	Plymouth Meeting, PA	07/21/2008
Roseville, CA	05/03/2010	Indianapolis, IN	06/15/2009	Arlington, TX	11/24/2008
		Niagara Falls, ON(a)	06/25/2009	Tulsa, OK	01/12/2009
		Columbus, OH	10/12/2009		

(a) Franchise location.

Fiscal 2010 Compared to Fiscal 2009

Revenues

Total revenues were $343,533 for the 244 day period ended January 30, 2011 (Successor), $178,006 for the 120 day period ended May 31, 2010 (Predecessor), and $520,783 for fiscal 2009. Revenue mix for the Successor period was 51.5% food and beverage and 48.5% amusement and other, while during the Predecessor period the mix was 50.8% food and beverage and 49.2% amusement and other. Fiscal 2009 revenue mix was 51.8% food and beverage and 48.2% amusement and other. The following discussion of revenues has been prepared by comparing the fiscal 2010 unaudited pro forma results of operations to fiscal 2009.

Total pro forma revenues during fiscal 2010 increased by $756, or 0.1%, to $521,539 in fiscal 2010 from $520,783 in fiscal 2009.

The increased revenues were derived from the following sources:

Comparable stores	$ (9,208)
Non comparable stores-operating	17,376
Non comparable stores- flood-related closure of store in Nashville, Tennessee	(7,415)
Other	3
Total	$ 756

Comparable store revenue decreased by $9,208, or 1.9%, for fiscal 2010 compared to fiscal 2009. Comparable special events revenues which accounted for 12.5% of consolidated comparable stores revenue for fiscal 2010 increased by 1.7% compared to fiscal 2009. The walk-in component of our comparable store sales declined by 2.4% for fiscal 2010. Comparable store revenues were impacted by the unfavorable macroeconomic environment.

Food sales at comparable stores decreased by $1,128, or 0.7%, to $168,521 in fiscal 2010 from $169,649 in fiscal 2009. Sales at our comparable stores continued to show a shift away from the beverage component of our business towards our amusements offerings. Beverage sales of comparable stores decreased 7.9% or $6,409 to $74,499 in fiscal 2010 from $80,908 in fiscal 2009. Comparable store amusements and other revenues decreased by $1,671 or 0.7% to $229,263 in fiscal 2010 from $230,934 in fiscal 2009.

Non-comparable store revenues increased by a total of $9,961. Increases in revenues from new stores opened and joint venture interest acquired since November 24, 2008, of $17,376 were partially

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offset by a $7,415 revenue reduction caused by the temporary flood-related closure of our store in Nashville, Tennessee.

Our revenue mix was 35.7% for food, 15.6% for beverage and 48.7% for amusement and other for fiscal 2010. This compares to 35.2%, 16.6% and 48.2%, respectively, for fiscal 2009.

Cost of products

Total cost of products for the 244 day period ended January 30, 2011 (Successor) were $68,772 or 20.0% of total revenues, for the 120 day period ended May 31, 2010 (Predecessor) they were $35,259 or 19.8% of total revenues, and cost of products were $104,137 or 20.0% of total revenues for fiscal 2009. The following discussion of cost of products has been prepared by comparing the fiscal 2010 unaudited pro forma results of operations to fiscal 2009.

Cost of food and beverage revenues decreased to $63,707 on a pro forma basis in fiscal 2010 from $65,349 in fiscal 2009 principally as a result of lower food and beverage revenue levels in 2010. Cost of food and beverage products, as a percentage of food and beverage revenues, decreased by 40 basis points to 23.8% of revenue for fiscal 2010 compared to 24.2% of revenue for fiscal 2009. Increased cost pressure in our produce, meat and seafood products was more than offset by reduced poultry, grocery and alcoholic beverage costs.

Costs of amusement and other revenues increased to $40,274 in fiscal 2010 from $38,788 in fiscal 2009. As a percentage of amusement and other revenues, these costs increased by 40 basis points to 15.9% in fiscal 2010 compared to 15.5% of revenues in fiscal 2009. This increase is primarily a result of higher guest ticket redemption rates and an increase in utilization of game play purchased, partially offset by a reduction in the redemption cost per ticket redeemed and a price increase on redemption games.

Operating payroll and benefits

Operating payroll and benefits for the 244 day period ended January 30, 2011 (Successor) were $85,271, $43,969 for the 120 day period ended May 31, 2010 (Predecessor) and $132,114 for fiscal 2009. Operating payroll and benefits as a percentage of total revenues was 24.8%, 24.7% and 25.4% for the 244 day period ended January 30, 2011 (Successor), the 120 day period ended May 31, 2010 (Predecessor) and fiscal 2009, respectively. The decrease in percentage of revenues from both the Successor and Predecessor periods of fiscal 2010 as compared to the fiscal 2009 percentage of revenues was driven primarily by initiatives designed to reduce hourly labor costs through improved scheduling, lower management costs resulting from an administrative centralization effort as well as labor savings associated with the realignment of the majority of our special events sales labor. These initiatives began in fiscal 2009 and therefore positively impacted both Predecessor and Successor periods of fiscal 2010. The following discussion of operating payroll and benefits has been prepared by comparing the fiscal 2010 unaudited pro forma results of operations to fiscal 2009.

Operating payroll and benefits decreased by $2,874, or 2.2%, to $129,240 in fiscal 2010 from $132,114 in fiscal 2009. Operating payroll and benefits as a percentage of revenues decreased by 60 basis points on a pro forma basis to 24.8% in fiscal 2010 compared to 25.4% in fiscal 2009. This decrease in percentage of revenue was primarily driven by the initiatives described above.

Other store operating expenses

Other store operating expenses for the 244 day period ended January 30, 2011 (Successor) were $111,456, $59,802 for the 120 day period ended May 31, 2010 (Predecessor) and $174,685 for fiscal

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2009. Other store operating expenses decreased 110 basis points as a percentage of total revenues to 32.5% for the 244 day period ended January 30, 2011 (Successor) from 33.6% for both the 120 day period ended May 31, 2010 (Predecessor) and fiscal 2009. Other store operating expenses in the Successor period were favorably impacted by the recognition of $6,526 business interruption recoveries and gains from property related reimbursements stemming from the closure of our Nashville location due to flooding. This favorable variance was partially offset by an increase in occupancy expenses driven by recognizing our leaseholds at fair market value as required in purchase accounting. The following discussion of other store operating expenses has been prepared by comparing the fiscal 2010 unaudited pro forma results of operations to fiscal 2009.

Other store operating expenses decreased on a pro forma basis by $2,756, or 1.6%, to $171,929 in fiscal 2010 from $174,685 in fiscal 2009. Other store operating expenses as a percentage of revenues decreased 60 basis points to a pro forma 33.0% in fiscal 2010 from 33.6% in fiscal 2009. Other store operating expenses was negatively impacted by an increase in occupancy expenses discussed above, which was more than offset by recoveries from the closure of our Nashville location also discussed above.

General and administrative expenses

General and administrative expenses consist primarily of personnel, facilities, and professional expenses for the various departments of our corporate headquarters. General and administrative expenses for the 244 day period ended January 30, 2011 (Successor) were $25,670, $17,064 for the 120 day period ended May 31, 2010 (Predecessor) and $30,437 for fiscal 2009. General and administrative expenses as a percentage of total revenues was 7.5%, 9.6% and 5.8% for the 244 day period ended January 30, 2011 (Successor), the 120 day period ended May 31, 2010 (Predecessor) and fiscal 2009, respectively. The increase in general and administrative costs as a percentage of sales for both the Successor and Predecessor periods of fiscal 2010 is driven primarily by professional fees incurred as a result of the Acquisition of $4,638 and $4,280, respectively. The Predecessor period also includes $1,378 acceleration of stock-based compensation charges related to the Predecessor s stock option plan. The following discussion of general and administrative expenses has been prepared by comparing the fiscal 2010 unaudited pro forma results of operations to fiscal 2009.

General and administrative expenses increased by $2,350, or 7.7%, to $32,787 on a pro forma basis in fiscal 2010 from $30,437 in fiscal 2009. General and administrative expenses as a percentage of revenues increased to 6.3% in fiscal 2010 from 5.8% in fiscal 2009. The increase is due primarily to higher professional fees not related to the Acquisition, as well as increases in wages, taxes, benefits and severance.

Depreciation and amortization expense

Depreciation and amortization expenses for the 244 day period ended January 30, 2011 (Successor) were $33,794, $16,224 for the 120 day period ended May 31, 2010 (Predecessor) and $53,658 for fiscal 2009. Depreciation and amortization expenses as a percentage of total revenues was 9.8%, 9.1% and 10.3% for the 244 day period ended January 30, 2011 (Successor), the 120 day period ended May 31, 2010 (Predecessor) and fiscal 2009, respectively. The decrease in depreciation and amortization costs as a percentage of total revenues for both the Successor and Predecessor periods of fiscal 2010 as compared to fiscal 2009 is driven primarily by certain operating assets being fully depreciated subsequent to the end of fiscal 2009. These decreases in the Successor period were partially offset by increased depreciation and amortization charges associated with fair value adjustments as a result of the Acquisition. Both the Successor and Predecessor periods in fiscal 2010 were negatively impacted by increases in depreciation from new store openings and maintenance capital expenditures. The following discussion of depreciation and amortization expenses has been prepared by comparing the fiscal 2010 unaudited pro forma results of operations to fiscal 2009.

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Depreciation and amortization expense includes the depreciation of fixed assets and the amortization of trademarks with finite lives. Depreciation and amortization expense decreased $2,615, or 4.9%, to $51,043 on a pro forma basis in fiscal 2010 from $53,658 in fiscal 2009. Decreases in depreciation resulted from certain operating assets being fully depreciated subsequent to the end of fiscal 2009. These decreases were partially offset by increases in depreciation from new store openings and maintenance capital expenditures. Additionally, depreciation charges increased $861 in fiscal 2010 associated with a $29,130 write-up of certain assets as a result of fair value adjustments and changes of useful lives of certain assets made in connection with accounting for the Acquisition. Management estimates, based on asset and depreciation schedules existing as of the Acquisition date, that depreciation expense will be approximately $4,055, $8,537 and $5,226 greater in fiscal years 2011, 2012 and 2013, respectively, related to the useful life and fair value adjustments discussed above. Management expects the remaining depreciation expense related to the fair value adjustment of approximately $10,451 will be incurred over approximately twenty years thereafter.

Pre-opening costs

Total pre-opening costs for the 244 day period ended January 30, 2011 (Successor) were $842 or 0.2% of total revenues, for the 120 day period ended May 31, 2010 (Predecessor) they were $1,447 or 0.8% of total revenues, and pre-opening costs were $3,881 or 0.7% of total revenues for fiscal 2009. The decrease in pre-opening costs as a percentage of total revenues in the Successor period of fiscal 2010 is driven primarily by lower pre-opening costs associated with Roseville, a small format store which opened on May 3, 2010. The following discussion of pre-opening costs has been prepared by comparing the fiscal 2010 unaudited pro forma results of operations to fiscal 2009.

Pre-opening costs include costs associated with the opening and organizing of new stores or conversion of existing stores, including the cost of feasibility studies, pre-opening rent, staff training and recruiting, and travel costs for employees engaged in such pre-opening activities. Pre-opening costs decreased to $2,289 in fiscal 2010 from $3,881 in fiscal 2009. The decrease of pre-opening costs is primarily attributable to fewer store openings in fiscal 2010 as compared to fiscal 2009.

Interest expense, net

Total net interest expense for the 244 day period ended January 30, 2011 (Successor) was $25,486 or 7.4% of total revenues, for the 120 day period ended May 31, 2010 (Predecessor) it was $6,976 or 3.9% of total revenues, and net interest expense was $22,122 or 4.2% of total revenues for fiscal 2009. The increase in interest expense as a percentage of total revenues in the Successor period of fiscal 2010 is driven primarily by increased debt levels as a result of the Acquisition. The Successor period increase was also driven by higher debt cost amortization resulting from the Acquisition and new debt structure. The negative impact of higher debt levels on Successor period interest expense was partially offset by favorable rate variances on the new debt. The Predecessor period was negatively impacted by $3,000 in fees associated with a temporary bridge financing agreement, partially offset by $800 related to the termination of our pre-acquisition swap agreement. The following discussion of interest expense has been prepared by comparing the fiscal 2010 unaudited pro forma results of operations to fiscal 2009.

Interest expense includes the cost of our debt obligations including the amortization of loan fees, adjustments to mark the interest rate swap agreements to fair value net of and any interest income earned. Interest expense increased by $11,080 to $33,202 on a pro forma basis in fiscal 2010 from $22,122 in fiscal 2009 primarily as a result of the Acquisition. Increased debt levels discussed above elevated our interest expense year-to-date by approximately $8,800, on a pro forma basis. We also had increased debt cost amortization expense due to the Acquisition and lower levels of capitalized interest due to the timing of new store construction.

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Provision for income taxes

Provision for income taxes was a tax benefit for the 244 day period ended January 30, 2011 (Successor) and 120 day period ended May 31, 2010 (Predecessor) of $2,551 and $597, respectively, and a tax provision of $99 for fiscal 2009. The following discussion of provision for income taxes has been prepared by comparing the fiscal 2010 unaudited pro forma results of operations to fiscal 2009.

Provision for income taxes consisted of a tax benefit of $884 on a pro forma basis in fiscal 2010 and an income tax provision of $99 in fiscal 2009. Our effective tax rate differs from the federal corporate statutory rate due to the deduction for FICA tip credits, state income taxes and the impact of certain expenses, such as transaction costs, that are not deductible for income tax purposes.

In fiscal 2010, we recorded an increase to our net valuation allowance of $40 against our deferred tax assets. The valuation allowance was recorded in accordance with accounting guidance for income taxes. As a result of our experiencing cumulative losses before income taxes for the three-year period ending January 30, 2011, we could not conclude that it is more likely than not that our deferred tax asset will be fully realized. The ultimate realization of our deferred tax assets is dependent on the generation of future taxable income during periods in which temporary differences become deductible.

The accounting guidance for uncertainty in income taxes limits the recognition of income tax benefits to those items that meet the more likely than not threshold on the effective date. As of January 30, 2011, we had approximately $881 of unrecognized tax benefits, including approximately $943 in potential interest and penalties. During fiscal 2010, we decreased our unrecognized tax benefit by $1,318. This decrease resulted primarily from tax positions taken in prior periods and the expiration of the statute of limitations. We currently anticipate that approximately $11 of unrecognized tax benefits will be recognized as a result of the expiration of statute of limitations during fiscal 2011. Future recognition of potential interest or penalties, if any, will be recorded as a component of income tax expense. Because of the impact of deferred income tax accounting, $836 of unrecognized tax benefits, if recognized, would affect the effective tax rate.

We file income tax returns which are periodically audited by various federal, state and foreign jurisdictions. We are generally no longer subject to federal, state or foreign income tax examinations for years prior to fiscal 2006.

Fiscal 2009 Compared to Fiscal 2008

Revenues

Total revenues during fiscal 2009 decreased by $12,575, or 2.4%, to $520,783 in fiscal 2009 from $533,358 in fiscal 2008.

The decreased revenues were derived from the following sources:

Comparable stores	$ (40,359)
Non comparable stores	26,907
Other	877
Total	$ (12,575)

Comparable store revenues were significantly impacted by the unfavorable macroeconomic environment affecting the restaurant/entertainment industry in general, and the effects of the global economic environment impacted our store locations as well.

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Comparable store revenue decreased by $40,359, or 7.8%, for fiscal 2009 compared to fiscal 2008. Comparable special events revenues which accounted for 12.0% of consolidated comparable store revenue for fiscal 2009 fell by 24.4% compared to fiscal 2008. The walk-in component of our comparable store sales declined by 5.0% for fiscal 2009.

Food sales at comparable stores decreased by $16,136, or 8.8%, to $167,432 in fiscal 2009 from $183,568 in fiscal 2008. Sales at our comparable stores continued to show a shift away from the beverage component of our business towards our amusements offerings. Beverage sales of comparable stores decreased 12.4% or $11,247 to $79,621 in fiscal 2009 from $90,868 in fiscal 2008. Our amusement and other revenues experienced a somewhat softer 5.4% decline to $227,839 in fiscal 2009 from $240,815 in fiscal 2008. Downward pressures on amusement sales were partially mitigated by our Half-Price Wednesday promotions and Power Card up-sell initiatives which provides greater value to guests in term of chips per dollar.

Our revenue mix was 35.2% for food, 16.6% for beverage and 48.2% for amusement and other for fiscal 2009. This compares to 35.7%, 17.7% and 46.6%, respectively, for fiscal 2008.

Cost of products

Cost of food and beverage revenues decreased to $65,349 in fiscal 2009 from $70,520 in fiscal 2008 principally as a result of lower food and beverage revenue levels in 2009. Cost of food and beverage products, as a percentage of food and beverage revenues, decreased by 60 basis points to 24.2% of revenue for fiscal 2009 compared to 24.8% of revenue for fiscal 2008. A slight increase in beverage cost was offset by reduced costs in our produce and dairy products.

Costs of amusement and other revenues increased to $38,788 in fiscal 2009 from $34,218 in fiscal 2008. As a percentage of amusement and other revenues, these costs increased by 170 basis points to 15.5% in fiscal 2009 compared to 13.8% of revenues in fiscal 2008 primarily as a result of increased redemption costs driven, in part, by increased game play as a result of the Company s Half-Price Wednesday promotions.

Operating payroll and benefits

Operating payroll and benefits decreased by $7,394, or 5.3%, to $132,114 in fiscal 2009 from $139,508 in fiscal 2008. Operating payroll and benefits as a percentage of revenues decreased by 80 basis points to 25.4% in fiscal 2009 compared to 26.2% in fiscal 2008. This decrease was primarily driven by initiatives designed to reduce hourly labor costs through improved scheduling as well as lower management costs resulting from an administrative centralization effort.

Other store operating expenses

Other store operating expenses increased by $506, or 0.3%, to $174,685 in fiscal 2009 from $174,179 in fiscal 2008. Other store operating expenses as a percentage of revenues increased 100 basis points to 33.6% in fiscal 2009 from 32.6% in fiscal 2008.

General and administrative expenses

General and administrative expenses consist primarily of personnel, facilities, and professional expenses for the various departments of our corporate headquarters. General and administrative expenses decreased by $4,109, or 11.9%, to $30,437 in fiscal 2009 from $34,546 in fiscal 2008. General and administrative expenses as a percentage of revenues decreased to 5.8% in fiscal 2009 from 6.5% in fiscal 2008, primarily due to lower labor costs, and the absence of approximately $2,100

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incurred in 2008 related to severance and costs associated with a possible public offering of common stock that was terminated.

Depreciation and amortization expense

Depreciation and amortization expense includes the depreciation of fixed assets and the amortization of trademarks with finite lives. Depreciation and amortization expense increased by $4,006, or 8.1%, to $53,658 in fiscal 2009 from $49,652 in fiscal 2008. Depreciation expense increased primarily due to the new stores opened in fiscal 2009 and 2008.

Pre-opening costs

Pre-opening costs include costs associated with the opening and organizing of new stores or conversion of existing stores, including the cost of feasibility studies, pre-opening rent, staff training and recruiting, and travel costs for employees engaged in such pre-opening activities. Pre-opening costs increased to $3,881 in fiscal 2009 from $2,988 in fiscal 2008. The increase of opening costs is primarily attributable to the opening of three new stores in fiscal 2009 and approximately $1,700 of costs incurred related to the opening of two stores in the first half of 2010.

Interest expense

Interest expense includes the cost of our debt obligations including the amortization of loan fees, adjustments to mark the interest rate swap agreements to fair value and any interest income earned. Interest expense decreased by $4,055 to $22,122 in fiscal 2009 from $26,177 in fiscal 2008. The decrease in interest expense is primarily attributed to adjustments to mark the interest rate swap agreements to their fair value and reduced interest costs attributable to the early retirement of $15,000 of the existing senior notes in September 2008.

Provision for income taxes

Provision for income taxes consisted of an income tax provision of $99 in fiscal 2009 and a tax benefit of $45 in fiscal 2008. Our effective tax rate differs from the federal corporate statutory rate due to the deduction for FICA tip credits, state income taxes and the impact of certain expenses that are not deductible for income tax purposes.

In fiscal 2009, we recorded an additional net valuation allowance of $977 against our deferred tax assets. The valuation allowance was recorded in accordance with accounting guidance for income taxes. As a result of our experiencing cumulative losses before income taxes for the three-year period ending January 31, 2010, we could not conclude that it is more likely than not that our deferred tax asset will be fully realized. The ultimate realization of our deferred tax assets is dependent on the generation of future taxable income during periods in which temporary differences become deductible.

We have adopted the accounting guidance for uncertainty in income taxes. This guidance limits the recognition of income tax benefits to those items that meet the more likely than not threshold on the effective date. As of January 31, 2010, we had approximately $2,468 of unrecognized tax benefits, including approximately $269 in potential interest and penalties, net of related tax benefits. During fiscal 2009, we decreased our unrecognized tax benefit by $43. This decrease resulted primarily from tax positions taken in prior periods and the expiration of the statute of limitations. During the second quarter, one state jurisdiction completed its income tax audit. The Company settled and has released the related reserve.

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Quarterly Results of Operations and Seasonality

The following table sets forth certain unaudited financial and operating data in each fiscal quarter during fiscal 2010 and fiscal 2009. The unaudited quarterly information includes all normal recurring adjustments that we consider necessary for a fair presentation of the information shown. This information should be read in conjunction with the audited consolidated financial statements and notes thereto appearing elsewhere in this prospectus.

	Fiscal 2011 thirteen week period ended	Fiscal 2010 thirteen week period ended				Fiscal 2009 thirteen week period ended			
	May 1, 2011 (Successor)	Jan 30, 2011 (Successor)	Oct 31, 2010 (Successor)	Aug 1, 2010(1) (Combined)	May 2, 2010 (Predecessor)	Jan 31, 2010 (Predecessor)	Nov 1, 2009 (Predecessor)	Aug 2, 2009 (Predecessor)	May 3, 2009 (Predecessor)
Food and beverage revenues	$ 74,262	$ 72,012	$ 59,594	$ 64,551	$ 71,357	$ 71,833	$ 60,549	$ 66,591	$ 71,000
Amusement and other revenues	74,341	63,446	56,996	63,365	70,218	61,812	56,636	64,936	67,426
Total revenues	$ 148,603	135,458	116,590	127,916	141,575	133,645	117,185	131,527	138,426
Cost of food and beverage	17,952	16,707	14,327	15,396	17,277	17,024	14,768	16,151	17,406
Cost of amusement and other	10,347	9,818	9,051	10,819	10,586	10,316	8,868	10,055	9,549
Total costs of products	28,299	26,525	23,378	26,215	27,863	27,340	23,636	26,206	26,955
Operating payroll and benefits	34,266	32,871	30,516	32,385	33,468	32,502	31,328	33,752	34,532
Other store operating expenses	45,105	38,390	43,147	44,116	45,605	42,110	44,514	45,457	42,604
General and administrative expense	8,811	8,161	8,379	17,576	8,618	8,158	7,202	7,672	7,405
Depreciation and amortization expense	13,070	12,906	11,896	12,716	12,500	13,825	13,932	13,168	12,733
Pre-opening costs	740	452	371	277	1,189	700	983	1,052	1,146
Total operating costs	130,291	119,305	117,687	133,285	129,243	124,635	121,595	127,307	125,375
Operating income (loss)	18,312	16,153	(1,097)	(5,369)	12,332	9,010	(4,410)	4,220	13,051
Interest expense, net	10,657	8,321	8,388	10,405	5,348	5,340	5,598	5,635	5,549
Income (loss) before taxes	7,655	7,832	(9,485)	(15,774)	6,984	3,670	(10,008)	(1,415)	7,502
Income taxes	2,477	3,331	(3,257)	(6,295)	3,073	3,760	(4,518)	(1,478)	2,335

Net income (loss)	$ 5,178	4,501	(6,228)	(9,479)	3,911	(90)	(5,490)	63	5,167
Stores open at end of period	58(2)(3)	58(2)(3)	58(2)(3)	58(2)(3)	57(2)	56(2)	56(2)	55	53
Quarterly total revenues as a percentage of annual total revenues		26.0%	22.4%	24.5%	27.1%	25.7%	22.5%	25.2%	26.6%
Change in comparable store sales	6.2%	1.2%	(1.3)%	(4.8)%	(2.5)%	(5.8)%	(7.4)%	(10.1)%	(7.9)%

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(1) The operating results for the thirteen weeks ended August 1, 2010 represent the combined 29 day period of the Predecessor and 62 day period of the Successor. See discussion above for details of items that are not comparable from application of purchase accounting.
(2) The number of stores includes one franchised store in Canada.
(3) Our location in Nashville, Tennessee, which temporarily closed on May 2, 2010 due to flooding is included in our store count. As of May 1, 2011, the Nashville location remains closed. It also includes a store in Dallas, Texas, which was permanently closed on May 2, 2011.

Liquidity and Capital Resources

Overview

We finance our activities through cash flow from operations and borrowings under our senior credit facility. As of May 1, 2011, we had cash and cash equivalents of $47,578, net working capital of $13,733 and outstanding debt obligations of $529,290 ($449,528 net of discount). We also had $44,292 in borrowing availability under our revolving senior credit facility, which includes $1,000 in borrowing availability under our Canadian revolving credit facility.

In the past we have had, and anticipate that in the future we will have, negative working capital balances. We are able to operate with a working capital deficit because cash from sales is usually received before related liabilities for product, supplies, labor and services become due. Funds available from sales not needed immediately to pay for operating expenses have typically been used for noncurrent capital expenditures and payment of long-term debt obligations under our senior credit facility and the existing senior notes.

Short-Term Liquidity Requirements. We generally consider our short-term liquidity requirements to consist of those items that are expected to be incurred within the next twelve months and believe those requirements to consist primarily of funds necessary to pay operating expenses, interest and principal payments on our debt, capital expenditures related to new store construction and other expenditures associated with acquiring new games, remodeling facilities and recurring replacement of equipment and improvements.

As of May 1, 2011 we expect our short-term liquidity requirements to include (a) $76,000 of capital expenditures (net of cash contributions from landlords), (b) $30,246 of debt service payments and (c) lease obligation payments of $47,332.

Long-Term Liquidity Requirements. We generally consider our long-term liquidity requirements to consist of those items that are expected to be incurred beyond the next 12 months and believe these requirements consist primarily of funds necessary for new store development and construction, replacement of games and equipment, performance necessary renovations and other non-recurring capital expenditures that need to be made periodically to our stores and payments of scheduled debt obligations. We intend to satisfy our long-term liquidity requirements through various sources of capital, including our existing working capital, cash provided by operations, and borrowings under our senior credit facility.

We believe that the sources of capital described above will continue to be available to us in the future and will be sufficient to meet our long-term liquidity requirements.

Based on our current business plan, we believe the cash flows from operations, together with our existing cash balances and borrowings under the senior credit facility described below, will be sufficient to meet our anticipated cash needs for working capital, capital expenditures and debt service needs for the foreseeable future. Our ability to make scheduled payments of principal or interest on, or to refinance, our indebtedness, or to fund planned capital expenditures, will depend on future performance, which is subject to general economic conditions, competitive environment and other factors as described in the Risk Factors section of this prospectus. If our estimates of revenues, expenses or capital or liquidity requirements change or are inaccurate or if cash generated from operations is insufficient to satisfy our liquidity requirements, we may seek to sell additional equity or arrange additional debt financing. In addition, we may seek to sell additional equity or arrange debt financing to give us financial flexibility to pursue attractive opportunities that may arise in the future.

Indebtedness

This Offering. We intend to use the net proceeds to us from this offering to reduce our aggregate indebtedness by approximately $ and to pay $ of premiums, accrued interest and expenses in connection with the reduction of our existing indebtedness.

Senior Credit Facility. In connection with the Acquisition, we terminated the Predecessor s credit facility. Simultaneously, D&B Holdings together with Dave & Buster s, Inc. entered into a new secured senior credit facility that provides (a) a $150,000 term loan facility with a maturity date of June 1, 2016 and (b) a $50,000 revolving credit facility with a maturity date of June 1, 2015. The $50,000 revolving credit facility includes (i) a $20,000 letter of credit sub-facility (ii) a $5,000 Swingline sub-facility and (iii) a $1,000 (in US Dollar equivalent) sub-facility available in Canadian dollars to the Canadian subsidiary. The revolving credit facility will be used to provide financing for general purposes. The senior credit facility is secured by Dave & Buster s, Inc. s assets and is unconditionally guaranteed by each of D&B Holdings and Dave & Buster s, Inc. s direct and indirect, existing and future domestic subsidiaries (with certain agreed-upon exceptions) and by certain specified guarantors with respect to the obligations of the Canadian subsidiary. As of May 1, 2011, we had no borrowings under the revolving credit facility, borrowings of $148,500 ($147,230, net of discount) under the term facility and $5,708 in letters of credit outstanding. We believe that the carrying amount of our term credit facility approximates its fair value because the interest rates are adjusted regularly based on current market conditions.

The interest rates per annum applicable to loans, other than swingline loans, under our senior secured credit facility are set periodically based on, at our option, either (1) the greatest of (a) the defined prime rate in effect, (b) the Federal Funds Effective Rate in effect plus $^1/2$ of 1% and (c) a Eurodollar rate, which is subject to a minimum (or, in the case of the Canadian revolving credit facility, a Canadian prime rate or Canadian cost of funds rate), for one-, two-, three- or six-months (or, if agreed by the applicable lenders, nine or twelve months) or, in relation to the Canadian revolving credit facility, 30-, 60-, 90- or 180-day interest periods chosen by us or our Canadian subsidiary, as applicable in each case (the Base Rate), plus an applicable margin or (2) a defined Eurodollar rate plus an applicable margin. Swingline loans bear interest at the Base Rate plus the applicable margin. The weighted average rate of interest on borrowings under our senior credit facility was 6.0% at May 1, 2011.

Interest rates on borrowings under our senior secured credit facility will vary based on the movement of prescribed indexes and/or applicable margin percentages. On the last day of each calendar quarter, we will be required to pay a commitment fee on the average daily unused portion of the revolving credit facilities (with swingline loans not deemed, for these purposes, to be a utilization of the revolving credit facility). Our senior secured credit facility requires scheduled quarterly payments of principal on the term loans at the end of each of the fiscal quarters in aggregate annual amounts equal to a percentage of the original aggregate principal amount of the term loan with the balance payable on the maturity date.

Our senior credit facility requires us to maintain certain financial ratios in the event we draw on our revolving credit facility or issue letters of credit in excess of $12,000. As of July 1, we had no borrowings under our revolving credit facility and $5,708 in letters of credit outstanding, and as such were not required to maintain financial ratios under our senior credit facility.

Existing Senior Notes. In connection with the Acquisition on June 1, 2010, Dave & Buster s, Inc. closed a placement of $200,000 aggregate principal amount of senior notes (the existing senior notes). On November 15, 2010, Dave & Buster s, Inc. completed an exchange with the holders of the existing senior notes pursuant to which the previously existing notes (sold in June 2010 pursuant to Rule 144A and Regulation S of the Securities Act of 1933, as amended (the Securities Act)) were exchanged for an equal amount of newly issued senior notes, which have been registered under the Securities Act. The existing senior notes are general unsecured, unsubordinated obligations of Dave & Buster s, Inc. and mature on June 1, 2018. Interest on the existing senior notes is paid semi-annually and accrues at the rate of 11.0% per annum. On or after June 1, 2014, Dave & Buster s, Inc. may redeem all, or from time-to-time, a part of the existing senior notes at redemption prices (expressed as a percentage of principal amount) ranging from 105.5% to 100.0% plus accrued and unpaid interest on the existing senior notes. Prior to June 1, 2013, Dave & Buster s, Inc. may on any one or more occasions redeem up to 40.0% of the original principal amount of the notes using the proceeds of certain equity offerings at a redemption price of 111.0% of the principal amount thereof, plus any accrued and unpaid interest. As of May 1, 2011, our $200,000 of existing senior notes had an approximate fair value of $219,250 based on quoted market price.

The existing senior notes restrict Dave & Buster s, Inc. s ability to incur indebtedness, outside of the senior credit facility, unless the consolidated coverage ratio exceeds 2.0:1.0 or other financial and operational requirements are met. Additionally, the terms of the notes restrict Dave & Buster s, Inc. s ability to make certain payments to affiliated entities. Dave & Buster s, Inc. was in compliance with the debt covenants as of May 1, 2011.

Our senior secured credit facility and the indenture governing the existing senior notes contain restrictive covenants that, among other things, will limit Dave & Buster s, Inc. s ability and the ability of its subsidiaries to; incur additional indebtedness, make loans or advances to subsidiaries and other entities, make initial capital expenditures in relation to new stores, declare dividends, acquire other businesses or sell assets. In addition, under our senior secured credit facility, we will be required to meet certain financial covenants, ratios and tests, including a minimum fixed charge coverage ratio and a maximum total leverage ratio. The indenture under which the existing senior notes have been issued also contain similar covenants and events of defaults.

Existing Discount Notes. On February 22, 2011, Dave & Buster s Parent, Inc. (now known as Dave & Buster s Entertainment, Inc.) issued $180,790 aggregate principal amount at maturity of 12.25% senior discount notes (the existing discount notes). The notes will mature on February 15, 2016. No cash interest will accrue on the notes prior to maturity but the value of the notes will accrete (representing the amortization of original issue discount) between the date of original issue and the maturity date of the existing discount notes, at a rate of 12.25% per annum, compounded semi-annually using a 360-day year comprised of twelve 30-day months, such that the accreted value will equal the principal amount on such date.

Prior to February 15, 2013, Dave & Buster s Entertainment, Inc. may on any one or more occasions redeem up to 100.0% of the aggregate principal amount at maturity of the existing discount notes using the proceeds of one or more equity offerings at a redemption price of 112.25% of the accreted value at the redemption date. On or after February 15, 2013 but prior to August 15, 2013, Dave & Buster s Entertainment, Inc. may on any one or more occasions redeem up to 40.0% of the aggregate principal amount at maturity of the existing discount notes using the proceeds of one or more equity offerings at a redemption price of 112.25% of the accreted value at the redemption date. On or after August 15, 2013, Dave & Buster s Entertainment, Inc. may redeem all, or from time-to-time,

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a part of the existing discount notes at redemption prices (expressed as a percentage of accreted value) ranging from 106.125% to 100.0%. As of May 1, 2011, our existing discount notes had an approximate fair value of $99,573 based on indexing of quoted market price of similar instruments.

Dave & Buster s Entertainment, Inc. received net proceeds of $100,000 from the offering of the existing discount notes, which it used to pay debt issuance costs and to repurchase a portion of the common stock owned by certain of our stockholders. Dave & Buster s Entertainment, Inc. did not retain any proceeds from the note issuance. Dave & Buster s Entertainment, Inc. is the sole obligor of the notes. Neither D&B Holdings, Dave & Buster s, Inc. nor any of its subsidiaries are guarantors of these notes. However, neither D&B Holdings nor Dave & Buster s Entertainment, Inc. have any material assets or operations separate from Dave & Buster s, Inc. As such, repayment of these notes will require a refinancing, an equity offering, or funds from the operations of Dave & Buster s, Inc.

The existing discount notes restrict Dave & Buster s Entertainment, Inc. s and its subsidiaries (including Dave & Buster s, Inc. s) ability to incur indebtedness, outside of the senior credit facility, unless the consolidated coverage ratio (defined as the ratio of consolidated Adjusted EBITDA to consolidated interest expense) exceeds 2.00:1.00 or other financial and operational requirements are met. Additionally, the terms of the senior discount notes restrict Dave & Buster s Entertainment, Inc. s ability to make certain payments to affiliated entities. Dave & Buster s Entertainment, Inc. was in compliance with the debt covenants as of May 1, 2011.

Predecessor Debt. As more fully described in the Notes to our Consolidated Financial Statements contained herein, on June 1, 2010, our then outstanding debt was fully retired in connection with our acquisition of D&B Holdings.

Historical Cash Flows

The following table presents a summary of our net cash provided by (used in) operating, investing and financing activities:

	Thirteen Weeks Ended			Fiscal Year Ended	
	May 1, 2011	May 2, 2010	January 30, 2011	January 31, 2010	February 1, 2009
	(Successor)	(Predecessor)	(Combined)	(Predecessor)	(Predecessor)
Net cash provided by (used in):					
Operating activities	$ 21,378	$ 9,445	$ 36,535	$ 59,054	$ 52,197
Investing activities	(7,532)	(6,985)	(115,719)	(48,406)	(49,084)
Financing activities	(675)	(125)	96,909	(2,500)	(13,625)

Thirteen Weeks Ended May 1, 2011 Compared to Thirteen Weeks Ended May 2, 2010

Net cash provided by operating activities was $21,378 for the thirteen weeks ended May 1, 2011 compared to cash provided by operating activities of $9,445 for the thirteen weeks ended May 2, 2010. Additional cash flows were generated from improved store sales and a shift in the timing of required interest payments on our long-term indebtedness incurred in connection with the Acquisition compared to our long-term indebtedness that was outstanding prior to the Acquisition.

Net cash used in investing activities was $7,532 for the thirteen weeks ended May 1, 2011 compared to $6,985 for the thirteen weeks ended May 2, 2010. For the thirteen weeks ended May 1, 2011 investing activities includes $6,064 of capital expenditure for new store construction and operating improvement initiatives, $221 for games and $2,045 for maintenance capital. The Company received insurance proceeds of $798 for reimbursement of certain leasehold improvements damaged in the flooding that occurred at our Nashville, Tennessee location and are included in investing

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activities for fiscal 2011. See Note 3 of our Consolidated Financial Statements for further discussion regarding this casualty loss. During the thirteen weeks ended May 2, 2010, the Company spent approximately $3,872 ($2,619 net of cash contributions from landlords) for new store construction and operating improvement initiatives, $1,034 for games and $2,082 for maintenance capital.

Net cash used by financing activities was $675 for the thirteen weeks ended May 1, 2011 compared to cash used in financing activities of $125 for the thirteen weeks ended May 2, 2010. The financing activities during the thirteen weeks ended May 1, 2011 include two required paydowns under our term loan facility totaling $750. The financing activities for the thirteen weeks ended May 2, 2010 include required paydowns under our term loan facility of $125.

We plan to finance future growth through operating cash flows, debt facilities and tenant improvement allowances from landlords. We expect to spend approximately $82,000 ($74,000 net of cash contributions from landlords) in capital expenditures during fiscal 2011. The fiscal 2011 expenditures are expected to include approximately $61,000 ($53,000 net of cash contributions from landlords) for new store construction and operating improvement initiatives.

Fiscal 2010 Compared to Fiscal 2009

Net cash provided by operating activities was $36,535 for fiscal 2010 compared to cash provided by operating activities of $59,054 for fiscal 2009. In addition to the downward pressure on cash flow generated by comparable store sales declines, we incurred additional cash flow reductions associated to transaction expenses and debt costs.

Net cash used in investing activities was $115,719 for fiscal 2010 compared to $48,406 for fiscal 2009. The investing activities for fiscal 2010 includes a capital investment of $245,498 by the Oak Hill Funds which in part funded the $330,803 cash disbursement paid to purchase Predecessor common stock. Fiscal 2010 investing activities also includes $16,245 of capital expenditure ($13,231 net of cash contributions from landlords) for new store construction and operating improvement initiatives, $7,238 for games and $11,750 for maintenance capital. Insurance proceeds of $4,808 were received for reimbursement of certain property and equipment damaged in the flooding that occurred at our Nashville, Tennessee location and are included in investing activities for fiscal 2010. See Note 5 of our Consolidated Financial Statements for further discussion regarding this casualty loss. During the 2009 fiscal year, the Company spent approximately $33,827 ($25,484 net of cash contributions from landlords) for new store construction and operating improvement initiatives, $3,894 for games and $10,702 for maintenance capital.

Net cash provided by financing activities was $96,909 for fiscal 2010 compared to cash used in financing activities of $2,500 in fiscal 2009. The financing activities during fiscal 2010 include proceeds of $350,500, net of discount arising from our existing discount notes and senior secured credit facility, including a $2,000 draw on our revolver. The repayment of the $2,000 revolver draw and first two required paydowns of the senior secured credit facility were made during fiscal 2010. The debt proceeds were used in part to fund the Acquisition and paydown existing debt, including accrued interest. Additionally, $12,591 was used to fund debt issuance costs on the newly issued debt instruments. The financing activities for fiscal 2009 include required principal payments on the term loan facility of $500 and net paydowns under our revolving credit facility of $2,000.

Fiscal 2009 Compared to Fiscal 2008

Net cash provided by operating activities was $59,054 for fiscal 2009 compared to cash provided by operating activities of $52,197 for fiscal 2008. The increase in cash flow from operations is primarily due to the implementation of cash saving measures such as labor initiatives designed to reduce hourly labor cost and management costs in the stores and reduced labor costs in the corporate headquarters.

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Net cash used in investing activities was $48,406 for fiscal 2009 compared to $49,084 for fiscal 2008. The investing activities for fiscal 2009 primarily include $48,423 in capital expenditures. The investing activities for fiscal 2008 primarily include $49,254 in capital expenditures.

Net cash used in financing activities was $2,500 for fiscal 2009 compared to $13,625 in fiscal 2008. The financing activities for fiscal 2009 include required principal payments on the term loan facility of $500 and net paydowns under our revolving credit facility of $2,000. The financing activities for fiscal 2008 include required paydowns under our term loan facility of $625, net borrowings under our revolving credit facility of $2,000, and retirement of $15,000 of our existing senior notes.

Contractual Obligations and Commercial Commitments

The following table sets forth the contractual obligations and commercial commitments as of May 1, 2011:

	Total	1 Year or Less	2-3 Years	4-5 Years	After 5 Years
Existing discount notes	$ 180,790	$	$	$ 180,790	$
Senior credit facility(1)	148,500	1,125	3,375	3,000	141,000
Existing senior notes	200,000				200,000
Interest requirements(2)(3)	213,068	29,121	64,672	62,073	57,202
Operating leases(4)	498,267	47,332	97,099	94,019	259,817
Total	$ 1,240,625	$ 77,578	$ 165,146	$ 339,882	$ 658,019

(1) Our senior credit facility includes a $150,000 term loan facility and $50,000 revolving credit facility, including a sub-facility for borrowings in Canadian dollars by our Canadian subsidiary, a letter of credit sub-facility, and a swingline sub-facility. As of May 1, 2011, we had no borrowings under the revolving credit facility, borrowings of $148,500 ($147,230 net of discount) under the term facility and $5,708 in letters of credit outstanding.

(2) The cash obligations for interest requirements consist of interest requirements on our fixed rate debt obligations at their contractual rates and interest requirements on variable rate debt obligations at rates in effect at May 1, 2011.

(3) On May 13, 2011, D&B Holdings and Dave & Buster s, Inc. executed an amendment (the Amendment) to its senior secured credit facility. The Amendment reduced the applicable term loan margins and LIBOR floor used in setting interest rates, as well as limited Dave & Buster s, Inc. s requirement to meet the covenant ratios, as stipulated in the Amendment, until such time as we make a draw on our revolving credit facility or issue letters of credit in excess of $12,000. The reduction in the applicable margin and LIBOR floor resulted in an interest rate reduction of .5%. Had that rate been in effect as of May 1, 2011, the reported interest requirement above would be less by $561 in Year 1, $1,660 in Years 2-3, $1,443 in Years 4-5, and $178 thereafter.

(4) Our operating leases generally provide for one or more renewal options. These renewal options allow us to extend the term of the lease for a specified time at an established annual lease payment. Future obligations related to lease renewal options that have not been exercised are excluded from the table above.

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The following table represents our contractual obligations and commercial commitments associated with our debt and other obligations disclosed above as of May 1, 2011, on an as adjusted basis assuming our receipt of the proceeds from the sale of our common stock in this offering, the reduction of our aggregate indebtedness by approximately $ and the payment of premiums, accrued interest and expenses in connection with the reduction of our existing indebtedness, as if those transactions had occurred at that date:

	Total	1 Year or Less	2-3 Years	4-5 Years	After 5 Years
Existing discount notes	$	$	$	$	$
Senior credit facility					
Existing senior notes					
Interest requirements					
Operating leases	498,267	47,332	97,099	94,019	259,817
Total	$	$	$	$	$

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements.

Quantitative and qualitative disclosures about market risk

We face market risk relating to changes in the general level of interest rates. Earnings are affected by changes in interest rates due to the impact of those changes on interest expense from variable rate debt. We are exposed to market risk from interest rate changes on our senior credit facility. This exposure relates to the variable component of the interest rate on our $200,000 senior credit facility. As of May 1, 2011, we had borrowings of $148,500 ($147,230, net of discount) under the term facility, which was indexed to three-month LIBOR. A hypothetical 10% increase in the variable portion of the interest rate associated with our term facility would increase our interest expense by approximately $260. As of May 1, 2011 we had no borrowings under our revolving credit facility. Therefore, we had no exposure to interest rate fluctuations on our revolving credit facility as of that date.

Critical Accounting Policies and Estimates

The above discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and disclosures of contingent assets and liabilities. Our significant accounting policies are described in Note 2 to the accompanying consolidated financial statements for the year ended January 30, 2011. Critical accounting policies are those that we believe are most important to portraying our financial condition and results of operations and also require the greatest amount of judgments by management. Judgments or uncertainties regarding the application of these policies may result in materially different amounts being reported under different conditions or using different assumptions. We consider the following policies to be the most critical in understanding the judgments that are involved in preparing the consolidated financial statements.

Property and equipment. Property and equipment are recorded at cost. Expenditures that substantially increase the useful lives of the property and equipment are capitalized, whereas costs incurred to maintain the appearance and functionality of such assets are charged to repair and maintenance expense. Interest costs incurred during construction are capitalized and depreciated

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based on the estimated useful life of the underlying asset. These costs are depreciated using the straight-line method over the estimate of the depreciable life, resulting in a charge to the operating results. Our actual results may differ from these estimates under different assumptions or conditions.

Reviews are performed regularly to determine whether facts or circumstances exist that indicate the carrying values of property and equipment are impaired. We assess the recoverability of property and equipment by comparing the projected future undiscounted net cash flows associated with these assets to their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the estimated fair market value of the assets. Changes in the estimated future cash flows could have a material impact on the assessment of impairment. We did not recognize any impairment losses related to property and equipment for fiscal 2010, 2009 or 2008.

Accounting for business combinations. The Acquisition resulted in a change in ownership of 100% of D&B Holdings and Dave & Buster s, Inc. s outstanding common stock. In accordance with accounting guidance for business combinations, the purchase price paid in the Acquisition has been pushed down to Dave & Buster s, Inc. s financial statements and is allocated to record the acquired assets and liabilities assumed based on their fair value. The Acquisition and the allocation of the purchase price to the assets and liabilities as of June 1, 2010 has been recorded based on internal assessments and third party valuation studies.

Goodwill and intangible assets. We account for our goodwill and intangible assets in accordance with accounting guidance for business combinations and accounting guidance for goodwill and other intangible assets. In accordance with accounting guidance for business combinations, goodwill of approximately $272,359 and intangible assets of $79,000 representing trade names were recognized in connection with the acquisition of D&B Holdings by the Oak Hill Funds that occurred on June 1, 2010. In accordance with accounting guidance for goodwill and other intangible assets, goodwill and trade names, which have an indefinite useful life, are not being amortized. However, both goodwill and trade names are subject to annual impairment testing.

The evaluation of the carrying amount of other intangible assets with indefinite lives is made at least annually by comparing the carrying amount of these assets to their estimated fair value. The estimated fair value is generally determined on the basis of discounted future cash flows. If the estimated fair value is less than the carrying amount of the other intangible assets with indefinite lives, then an impairment charge is recorded to reduce the asset to its estimated fair value.

The annual impairment tests were most recently performed in fiscal 2010. No impairment of assets was determined as a result of these tests for fiscal 2010, 2009 or 2008.

Income taxes. We file consolidated returns with all our domestic subsidiaries. We use the asset/liability method for recording income taxes, which recognizes the amount of current and deferred taxes payable or refundable at the date of the financial statements as a result of all events that are recognized in the financial statements and as measured by the provisions of enacted tax laws. We have adopted accounting guidance for uncertainty in income taxes. This guidance limits the recognition of income tax benefits to those items that meet the more likely than not threshold on the effective date.

The calculation of tax liabilities involves significant judgment and evaluation of uncertainties in the interpretation of store tax regulations. As a result, we have established reserves for taxes that may become payable in future years as a result of audits by tax authorities. Tax reserves are reviewed regularly pursuant to accounting guidance for uncertainty in income taxes. Tax reserves are adjusted as events occur that affect the potential liability for additional taxes, such as the expiration of statutes of limitations, conclusion of tax audits, identification of additional exposure based on current

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calculations, identification of new issues, or the issuance of statutory or administrative guidance or rendering of a court decision affecting a particular issue. Accordingly, we may experience significant changes in tax reserves in the future, if or when such events occur.

Deferred tax assets. A deferred income tax asset or liability is established for the expected future consequences resulting from temporary differences in the financial reporting and tax bases of assets and liabilities. As of May 1, 2011, we have recorded a valuation allowance against our deferred tax assets. The valuation allowance was established in accordance with accounting guidance for income taxes. If we generate taxable income in future periods or if the facts and circumstances on which our estimates and assumptions are based were to change, thereby impacting the likelihood of realizing the deferred tax assets, judgment would have to be applied in determining the amount of valuation allowance no longer required.

Accounting for amusement operations. The majority of our amusement revenue is derived from guest purchases of game play credits which allow our guests to play the video and redemption games in our Midways. We have recognized a liability for the estimated amount of unused game play credits, which we believe our guests will utilize in the future based on credits remaining on Power Cards, historic utilization patterns and revenue per game credit sold. Certain Midway games allow guests to earn coupons, which may be redeemed for prizes. The cost of these prizes is included in the cost of amusement products and is generally recorded when coupons are utilized by the guest by either redeeming the coupons for a prize in our Winner s Circle or storing the coupon value on a Power Card for future redemption. We have accrued a liability for the estimated amount of outstanding coupons that will be redeemed in subsequent periods based on tickets outstanding, historic redemption patterns and the estimated redemption cost of products per ticket.

Insurance reserves. We use a combination of insurance and self-insurance mechanisms to provide for potential liabilities for workers compensation, healthcare benefits, general liability, property insurance, director and officers liability insurance and vehicle liability. Liabilities associated with the risks that are retained by us are estimated, in part, by considering historical claims experience, demographic factors, severity factors and other actuarial assumptions. Portions of the estimated accruals for these liabilities are calculated by third-party actuarial firms.

Loss contingencies. We maintain accrued liabilities and reserves relating to the resolution of certain contingent obligations. Significant contingencies include those related to litigation. We account for contingent obligations in accordance with accounting guidance for contingencies. This guidance requires that we assess each contingency to determine estimates of the degree of probability and range of possible settlement. Contingencies which are deemed probable and where the amount of such settlement is reasonably estimable are accrued in our financial statements. If only a range of loss can be determined, we accrue to the best estimate within that range; if none of the estimates within that range is better than another, we accrue to the low end of the range. The assessment of loss contingencies is a highly subjective process that requires judgments about future events. Contingencies are reviewed at least quarterly to determine the adequacy of the accruals and related financial statement disclosure.

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) amended the guidance related to fair value measurements and disclosures. This guidance uses a three-level fair value hierarchy that prioritizes the inputs used to measure fair value and requires companies to provide additional disclosures based on that hierarchy. The three-levels of inputs used to measure fair value are as follows: Level 1 defined as observable inputs such as quoted prices in active markets for identical assets or liabilities as of the reporting date, Level 2 defined as pricing inputs other than quoted

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prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date, Level 3 defined as pricing inputs that are generally less observable from objective sources. Effective for interim and annual reporting periods beginning after December 15, 2009, disclosure of the amount of and reasons for significant transfers in and out of Level 1 and Level 2 fair value measurements is required. The amendment also clarified that for Level 2 and Level 3 fair value measurements, valuation techniques and inputs used for both recurring and nonrecurring fair value measurements are required to be disclosed. The adoption of this guidance on February 1, 2010 did not have a material impact on the Company s Consolidated Financial Statements. Additionally, effective for fiscal years beginning after December 15, 2010, a reporting entity should separately present information about purchases, sales, issuances and settlements on a gross basis in its reconciliation of Level 3 recurring fair value measurements. This accounting guidance is not expected to materially affect the Company s Consolidated Financial Statements.

Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

On August 25, 2010, Ernst & Young, LLP (the Former Auditors) was dismissed as Dave & Buster s, Inc. s independent registered public accounting firm. The Audit Committee of the Board of Directors of Dave & Buster s, Inc. approved their dismissal on August 24, 2010. The dismissal of the Former Auditors was effective immediately for matters related to Dave & Buster s, Inc. For matters related to Dave & Buster s Entertainment, Inc., the dismissal was effective on October 26, 2010.

The Former Auditors audit reports on Dave & Buster s, Inc. s and Dave & Buster s Entertainment, Inc. s consolidated financial statements for each of the fiscal years 2009 and 2008 did not contain any adverse opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During Dave & Buster s, Inc. s and Dave & Buster s Entertainment, Inc. s two fiscal years in the period ended January 31, 2010 and through the subsequent interim period on or prior to dismissal, (a) there were no disagreements between Dave & Buster s, Inc. or Dave & Buster s Entertainment, Inc. and the Former Auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of the Former Auditors, would have caused the Former Auditors to make reference to the subject matter of the disagreement in connection with its report; and (b) no reportable events as set forth in Item 304(a)(1)(v)(A) through (D) of Regulation S-K of the Securities Act have occurred.

Effective September 2, 2010, the Audit Committee of the Board of Directors of Dave & Buster s, Inc. appointed KPMG LLP as its new independent registered public accounting firm for the fiscal year ending January 30, 2011. Subsequently, we appointed KPMG LLP as the registered public accounting firm of Dave & Buster s Entertainment, Inc. for the fiscal year ended January 30, 2011. During our fiscal 2008 and fiscal 2009 years and subsequent interim period on or prior to September 2, 2010, we did not consult with KPMG LLP regarding the application of accounting principles to a specified transaction, either completed or proposed, or any of the matters or events set forth in Item 304(a)(2) of Regulation S-K.

Dave & Buster s Entertainment, Inc. and Dave & Buster s Holdings, Inc. were not SEC filers at the time of the Former Auditors dismissal.

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BUSINESS

Company Overview

We are a leading owner and operator of high-volume venues that combine dining and entertainment in North America for both adults and families. Founded in 1982, the core of our concept is to offer our guest base the opportunity to *Eat Drink Play* all in one location. We believe we are currently the only chain offering on a national basis a full menu of high-quality food items and a full selection of non-alcoholic and alcoholic beverage items together with an extensive assortment of entertainment attractions, including skill and sports-oriented redemption games, video games, interactive simulators and other traditional games. Unlike the strategy of many restaurants of shortening visit times by focusing on turning tables faster, we aim to increase the length of stay in our locations to generate incremental revenues and improve the guest s experience. While our guests are primarily a balanced mix of men and women aged 21 to 39, we believe we are also an attractive venue for families with children and teenagers. As of August 1, 2011, we owned and operated 57 stores in 24 states and Canada. In addition, there is one franchised store operating in Canada. The formats of our stores are flexible, which we believe allows us to size each store appropriately for each market in which we compete. Our stores average approximately 48,000 square feet, range in size between 16,000 and 66,000 square feet and are open seven days a week. For the twelve months ended May 1, 2011, we generated total revenues, Adjusted EBITDA and net income (loss) of $528.6 million, $93.0 million and $(6.0) million, respectively. For fiscal 2010 and the 13 weeks ended May 1, 2011, we had total revenues of $521.5 million and $148.6 million, respectively, Adjusted EBITDA of $86.3 million and $33.6 million, respectively, and net income (loss) of $(7.3) million (combined) and $5.2 million, respectively.

We believe we have an attractive store economic model that enables us to generate high average store revenues and Store-level EBITDA. For comparable stores in fiscal 2010, our average revenues per store were $9.8 million, average Store-level EBITDA was $2.1 million and average Store-level EBITDA margin was 22%. Furthermore, for that same period, all of our Dave & Buster s comparable stores had positive Store-level EBITDA, with over 85% of our stores generating more than $1.0 million of Store-level EBITDA each. After allocating corporate selling, general and administrative expenses, our corporate Adjusted EBITDA margin was 16.5% for fiscal 2010. A key feature of our business model is that approximately 49% of our total revenues for fiscal 2010 were from entertainment, which contributed a gross margin of 84% for the period.

Since being taken private in 2006, when our current management team joined the Company, we have implemented a series of operating and strategic initiatives that we believe have streamlined our operations, reduced costs and positioned us for future growth. The operating initiatives undertaken by our management team include, among others, the implementation of new ordering technology and labor scheduling to drive productivity, the introduction of automated kiosks and related pricing strategies to reduce labor costs and increase revenues on each Power Card sold and centralization or restructuring of certain functions resulting in an overall reduction in staffing levels. These initiatives have helped to improve our operating income, which has increased from $8.0 million in fiscal 2006 (a 53-week year) to $28.0 million for the twelve months ended May 1, 2011 and our operating income margin, which has increased from 1.6% to 5.3% over the same period. Likewise, we have increased our Adjusted EBITDA from $70.5 million in fiscal 2006 to $93.0 million for the twelve months ended May 1, 2011 and increased our Adjusted EBITDA margins over the same period from 13.8% to 17.6%. We believe that the low variable cost of our business model, effective management of our corporate cost structure and national marketing expenditures create operating leverage in our business, which we believe will allow us to increase revenues within our existing operations without a proportional increase in costs. As a result, while there is no guarantee that we will do so, we believe we have the potential to improve margins further and deliver greater earnings from any increases in comparable store sales. While we have implemented initiatives focused on our cost structure, we have simultaneously increased our guest satisfaction in both food and entertainment, based on the results of our periodic Guest Satisfaction Survey.

Our management team has also refined our large store format and developed a new small store format, which we believe will allow us to increase the number of markets in which we can grow. Both of our new store formats are smaller and less expensive to build, which we believe will help us to achieve our targeted cash-on-cash returns. With respect to stores we expect to open in the near term, we are targeting a year one cash-on-cash return of 25% to 35% for both our large format and small format store openings, and, since the beginning of 2008, our eight store openings (that have been open for more than 12 months) have generated average year one cash-on-cash returns of 29.4%.

Our History

In 1982, David Dave Corriveau and James Buster Corley founded Dave & Buster s under the belief that there was consumer demand for a combined experience of entertainment, food and drinks. We opened our first store in Dallas, Texas in 1982 and since then we have expanded our portfolio nationally to 57 stores across 24 states and Canada.

From 1997 to early 2006, we operated as a public company under the leadership of Dave and Buster. In March 2006, Dave & Buster s, Inc. was acquired by Dave & Buster s Holdings, Inc. (D&B Holdings), a holding company controlled by affiliates of Wellspring Capital Partners III, L.P. (Wellspring) and HBK Main Street Investors L.P. (HBK). In connection with the acquisition of Dave & Buster s by Wellspring and HBK, Dave & Buster s common stock was delisted from the New York Stock Exchange. In addition, in 2006 we hired our current management team led by our Chief Executive Officer, Stephen King.

On June 1, 2010, Dave & Buster s Entertainment, Inc. (formerly known as Dave & Buster s Parent, Inc. and originally named Games Acquisition Corp.), a newly-formed Delaware corporation owned by Oak Hill Capital Partners III, L.P. and Oak Hill Capital Management Partners III, L.P. (collectively, the Oak Hill Funds and together with their manager, Oak Hill Capital Management, LLC, and its related funds, Oak Hill Capital Partners) acquired all of the outstanding common stock (the Acquisition) of D&B Holdings from Wellspring and HBK. In connection therewith, Games Merger Corp., a newly-formed Missouri corporation and an indirect wholly-owned subsidiary of Dave & Buster s Entertainment, Inc., merged (the Merger) with and into D&B Holdings wholly-owned, direct subsidiary, Dave & Buster s, Inc. (with Dave & Buster s, Inc. being the surviving corporation in the Merger). As part of the Acquisition, the allocation of the purchase price to the assets and liabilities as of June 1, 2010 were recorded based on internal assessments and third party valuation studies, resulting in a write-up of certain assets in the amount equal to $29.1 million and an extension of the useful lives of certain assets. As a result of the Acquisition and certain post-acquisition activity, the Oak Hill Funds directly control approximately 95.7% of our outstanding common stock and have the right to appoint certain members of our Board of Directors, and certain members of our Board of Directors and management control approximately 4.3% of our outstanding common stock. Upon completion of this offering, the Oak Hill Funds will beneficially own approximately % of our outstanding common stock, or % if the underwriters exercise their option to purchase additional shares in full, and certain members of our Board of Directors and our management will beneficially own approximately % of our common stock or % if the underwriters exercise their option to purchase additional shares in full. The Oak Hill Funds and certain members of our Board of Directors and our management who are party to a stockholders agreement will continue to own a majority of the voting power of our outstanding common stock. As a result, we will be a controlled company within the meaning of the corporate governance standards of the NYSE and NASDAQ. See Principal Stockholders.

On September 30, 2010, we purchased $1.5 million of our common stock from a former member of management, of which $1 million has been paid prior to May 1, 2011. The Company has accrued

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five hundred thousand dollars for the remaining purchase price. The purchased shares are being held as Treasury Stock by the Company.

On February 22, 2011, we issued $180.8 million aggregate principal amount at maturity of 12.25% senior discount notes (the existing discount notes). The notes will mature on February 15, 2016. No cash interest will accrue on the notes prior to maturity. We received net proceeds of $100.0 million, which we used to pay debt issuance costs and to repurchase a portion of our outstanding common stock from certain of our stockholders. We did not retain any proceeds from the note issuance. Dave & Buster s Entertainment, Inc. is the sole obligor of the notes. Neither D&B Holdings, Dave & Buster s, Inc. or any of their subsidiaries are guarantors of these notes.

On March 23, 2011, we sold to a member of management seventy-five newly issued shares of our common stock for an aggregate sale price equal to seventy-five thousand dollars, the value based on an independent third party valuation prepared as of January 31, 2011.

On June 28, 2011, we purchased approximately ninety shares of our common stock from a former member of management for approximately ninety thousand dollars. The purchased shares are being held as Treasury Stock by the Company.

Upon completion of this offering, the Oak Hill Funds will beneficially own approximately % of our outstanding common stock, or % if the underwriters exercise their option to purchase additional shares in full, and certain members of our Board of Directors and our management will beneficially own approximately % of our common stock or % if the underwriters exercise their option to purchase additional shares in full. The Oak Hill Funds and certain members of our Board of Directors and our management who are party to a stockholders agreement will continue to own a majority of the voting power of our outstanding common stock. As a result, we will be a controlled company within the meaning of the corporate governance standards of the NYSE and NASDAQ. See Principal Stockholders.

Eat Drink Play The Core of Our National Concept

When our founders opened our first location in Dallas, Texas in 1982, they sought to create a dining concept with a fun, upbeat atmosphere providing interactive entertainment options for adults and families, while serving high-quality food and beverages. Since then we have followed the same principle for each new store, and in doing so we believe we have developed a distinctive brand based on our guest value proposition: *Eat Drink Play*. The interplay between entertainment, dining and full-service bar areas is the defining feature of the Dave & Buster s guest experience, and the layout of each store is designed to promote crossover between these activities. We believe this combination creates an experience that cannot be easily replicated at home or elsewhere without having to visit multiple destinations. Our locations are also designed to accommodate private parties, business functions and other corporate sponsored events.

We seek to distinguish our food menu from other casual dining concepts. Our recently reengineered menu includes items that we believe reinforce the fun of the Dave & Buster s brand. Recent additions to the menu have become top sellers within their categories. We believe we offer high-quality meals, including gourmet pastas, choice-grade steaks, premium sandwiches, decadent desserts and health-conscious entrée options that compare favorably to those of other higher end casual dining operators. Each of our locations also offers full bar service including a variety of beers, signature cocktails, premium spirits and nonalcoholic beverages. Food and beverage accounted for approximately 51% of our total revenues during fiscal 2010.

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The Midway in each of our stores is an area where we offer a wide array of amusements and entertainment options, with typically over 150 redemption and simulation games. We believe the entertainment options in our Midway are a core differentiating feature of our brand, and our amusement and other revenues accounted for approximately 49% of our total revenues during fiscal 2010. Redemption games, which represented 75% of our amusement and other revenues in fiscal 2010, offer our guests the opportunity to win tickets that are redeemable at our Winner s Circle for prizes ranging from branded novelty items to high-end home electronics. We believe this opportunity to win creates a fun and highly-energized social experience that is an important aspect of the Dave & Buster s in-store experience and cannot be replicated at home. Our video and simulation games, many of which can be played by multiple guests simultaneously and which include some of the latest high-tech games commercially available, represented 21% of our amusement and other revenues in fiscal 2010. Traditional amusements, which include billiards, bowling and shuffleboard tables, represented the remainder of our amusement and other revenues. Each of our stores also contains multiple large screen televisions and high quality audio systems providing guests with a venue for watching live sports and other televised events.

Our Company s Core Strengths

We believe we benefit from the following strengths:

Strong, distinctive brand with broad guest appeal. We believe that the multi-faceted guest experience of *Eat Drink Play* at Dave & Buster s, supported by our marketing campaigns as well as our 28 year history, have helped us create a widely recognized brand with no direct national competitor that combines all three elements in the same way. This is evidenced by our brand s consumer awareness of over 90% in our existing trade areas. Our brand s connection with its guests is evidenced by our guest loyalty program that, as of June 2011, had over 1.5 million members, which represents an increase of 46% since June 2010. Our guest research shows that our brand appeals to a balanced mix of male and female adults, primarily between the ages of 21 and 39, as well as families and teenagers. Based on guest survey results, we also believe that the average household income of our guests is approximately $70,000, which we believe is representative of an attractive demographic.

Multi-faceted guest experience and strong value proposition. We believe that our combination of interactive entertainment, high-quality dining and full-service beverage offerings, delivered in a highly-energized atmosphere that caters to both adults and families, provides a multi-faceted guest experience that cannot be replicated at home or elsewhere without having to visit multiple destinations. We also believe that the cost of visiting a Dave & Buster s offers a value proposition for our guests comparable or superior to many of the separately available dining and entertainment options.

Store economic model capable of delivering diversified cash flows and strong cash-on-cash returns. We believe our store economic model provides certain benefits in comparison to traditional restaurant concepts, which we believe helps increase our average store revenues and Store-level EBITDA. Our entertainment offerings have low variable costs and produced gross margins of 84% for fiscal 2010. With approximately half of our revenues from entertainment, we believe we have less exposure than traditional restaurant concepts to food costs, which represented only 9% of our revenues in fiscal 2010. We believe that the low variable cost of our business model, our national marketing expenditures and effective management of our current corporate cost structure, which we believe has benefited from the operating initiatives implemented by management in recent years, create operating leverage in our business. As a result, we believe, we have the potential to further improve margins and deliver greater earnings from any increases in comparable store sales. For example, with comparable store sales growth of 6.2% in the first quarter of fiscal 2011 over the comparable period in 2010, our operating income and operating income margin increased by 48.5%

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and 361 basis points, respectively, in the first quarter of fiscal 2011 over the comparable period in 2010, and our Adjusted EBITDA and Adjusted EBITDA margin increased by 24.7% and 359 basis points, respectively, in the first quarter of fiscal 2011 over the comparable period in 2010. We believe the combination of our improved store-level margins and our refined new store formats, which are less expensive to build, will help us achieve our targeted year one cash-on-cash returns of 25% to 35% for both our large format and small format store openings. Since the beginning of fiscal 2008, our eight store openings (that have been open for more than 12 months) have generated average year one cash-on-cash returns of 29.4%. We define strong cash-on-cash returns as those greater than 20%.

History of product innovation and successful marketing initiatives. We have a history of implementing what we consider to be innovative marketing initiatives, including our Eat & Play Combo, higher Power Card denominations, Super Charge up-sell and Half-Price Game Play on Wednesdays:

- *Eat & Play Combo*. Our original Eat & Play Combo offers guests a choice of one of eight entrees together with a $10 Power Card for only $15.99 (in most store locations). We have subsequently enhanced our Eat & Play Combo offerings to offer additional levels with more expensive entrees and/or higher dollar value Power Cards.

- *Higher Power Card denominations.* We have raised the highest denomination of Power Card offered to our guests from $25 to $100.

- *Super Charge up-sell.* We have refined our Super Charge promotion to offer a guest purchasing a Power Card with a value of $10 to $50 the option of adding 25% more game play for an upcharge ranging from $2 to $5.

- *Half-Price Game Play on Wednesdays.* Our Half-Price Game Play promotion allows our guests to play any of the games in our Midway at half-price, essentially doubling the value of their Power Cards on Wednesdays, which are traditionally one of the slowest traffic days of the week.

We believe these initiatives have helped increase guest visits while encouraging them to participate more fully across our range of food, beverage and entertainment offerings. We are continuously working with game manufacturers and food providers to create new games and food items to retain and generate guest traffic. We also take advantage of our proprietary technology linking games with Power Cards to change prices and offer promotions to increase the overall performance of our stores and to increase the efficiency of the Midway.

Commitment to guest satisfaction. While we have been focused on margin enhancing initiatives, we have simultaneously improved our guest satisfaction levels. Through the implementation of guest feedback tools throughout the organization, including a periodic Guest Satisfaction Survey and Quarterly Brand Health Study, we collect information from our guests that helps us to improve and enhance the overall guest experience. We have identified several key drivers of guest satisfaction, and have initiated programs to improve focus on these drivers while improving our cost structure. The percentage of guest survey respondents rating us Top Box in our Guest Satisfaction Survey has improved significantly over the past several years. Between fiscal 2007 when the surveys began and fiscal 2010, the number of guests responding Very Likely on Intent to Recommend to a Friend, Relative or Colleague increased from 64.8% to 77.4%. The number of guests responding Excellent on Food Quality increased from 37.9% to 69.0%. Most importantly, the percentage of Excellent scores for Overall Experience increased from 44.0% to 73.2% over the same period. The Guest Satisfaction Survey information is reported voluntarily by our guests, and we encourage participation in our feedback tools through promotional offers. In early 2010, we changed the form of reward for completing the survey, which resulted in an increase in the percentage of completed surveys, but we do not believe has materially impacted the results.

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Percentage of Walk-In Guests Awarding Top Box Scores

***Management team with track record of delivering results*.** We believe we are led by a strong management team with extensive experience with national brands in all aspects of casual dining and entertainment operations. In 2006, we hired our Chief Executive Officer, Stephen King. From fiscal 2006 to the twelve months ended May 1, 2011, under the leadership of Mr. King, Adjusted EBITDA has grown by over 30%, Adjusted EBITDA margins have increased by approximately 380 basis points and employee turnover and guest satisfaction metrics have improved significantly. Our senior management team is also economically aligned with other shareholders. In connection with the acquisition of Dave & Buster s by Oak Hill Capital Partners, our management team has invested approximately $4.6 million of cash in the equity of Dave & Buster s and currently owns 10.9% of the equity on a fully diluted basis. We believe that our management team s prior experience in the restaurant and entertainment industries combined with its success at Dave & Buster s in recent years provides us with insights into our guest base and enables us to create the dynamic environment that is core to our brand.

Our Growth Strategies

The operating strategy that underlies the growth of our concept is built on the following key components:

Pursue disciplined new store growth. We will continue to pursue a disciplined new store growth strategy in both new and existing markets where we believe we are capable of achieving consistent high store revenues and strong store-level cash-on-cash returns. We have created a new store expansion strategy and rebuilt our pipeline of potential new stores by instituting a site selection process that allows us to evaluate and select our new store location, size and design based on consumer research and analysis of operating data from sales in our existing stores. Where permitted, we also collect home zip code information from our guests on a voluntary basis through the Power Card kiosks in our existing stores, which allows us to determine how far they have traveled to reach that particular store. Our site selection process and flexible store design enable us to customize each store with the objective of maximizing return on capital given the characteristics of the market and location. We expect our new large format stores to be approximately 35,000 40,000 square feet and our small format stores to be approximately 22,000 25,000 square feet, which provides us the flexibility to enter new smaller markets and further penetrate existing markets. These formats also provide us the flexibility to choose between building new stores or converting existing space. With respect to stores we expect to open in the near term, we are targeting a year one cash-on-cash return of 25% to 35% for both our large format and small format store openings, levels that are consistent with the average of Dave & Buster s store openings in recent years. To achieve this return we target a ratio of first year store revenues to net development costs of approximately one-to-one and Store-level EBITDA margins, excluding national marketing costs, of 27% to 30%. We also target average net development costs of approximately $10 million for large format stores and approximately $6 million for small format stores.

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We believe the Dave & Buster s brand is significantly under-penetrated, with internal studies and third-party research suggesting a total store universe in the United States and Canada in excess of 150 stores (including our 57 existing stores), approximately two and a half times our current store base. We currently plan to open three stores in fiscal 2011 (including our store in Orlando, Florida that opened in July 2011), three stores in fiscal 2012 and six stores in fiscal 2013. We expect to spend approximately $51.0 million ($43.0 million net of cash contributions from landlords) for new store construction in 2011, which we expect will be financed with available cash and operating cash flows. Thereafter, we believe there is potential to continue opening new stores at an annual rate of approximately 10% of our then existing store base.

Grow our comparable store sales. We intend to grow our comparable store sales by seeking to differentiate the Dave & Buster s brand from other food and entertainment alternatives, through the following strategies:

Enhance our food and beverage offerings: We frequently test new menu items and seek to improve our food offering to better align with the Dave & Buster s brand. To further reinforce the fun of our brand, our new menu includes familiar food items served in presentations that we view as distinctive and appealing to our guests. In fiscal 2010, our comparable store sales were favorably impacted by our newly reengineered menu and the introduction of new menu items, including our top selling appetizer.

Maintain the latest exciting entertainment options: We believe that our entertainment options are the core differentiating feature of the Dave & Buster s brand, and staying current with the latest offerings creates excitement and helps drive repeat visits and increase length of guest stay. In fiscal 2011, we expect to spend an average of one hundred sixty-four thousand dollars per store on game refreshment, which we believe will drive brand relevance and comparable store sales growth. Further, we intend to upgrade viewing areas by introducing televisions in excess of 100 inches in stores within key markets in order to capture a higher share of the sports-viewing guest base. We also plan to elevate the redemption experience in our Winner s Circle with prizes that we believe guests will find more attractive, which we expect will favorably impact guest visitation and game play.

Enhance brand awareness and generate additional visits to our stores through innovative marketing and promotions: To further national awareness of our brand, we plan to continue to invest a significant portion of our marketing expenditures in television advertising. We have recently launched customized local store marketing programs to increase new visits and repeat visits to individual locations. Our guest loyalty program currently has approximately 1.5 million members, and we are aggressively improving our search engine and social marketing efforts. Our loyalty program and digital efforts allow us to communicate promotional offers directly to our most passionate brand fans. We also leverage our investments in technology across our marketing platform, including in-store marketing initiatives to drive incremental sales throughout the store.

Grow our special events usage: We plan to utilize existing and add new resources to our special events sales force as the corporate special events market improves the special events portion of our business represented 12% of our total revenues in fiscal 2010. We believe our special events business is an important sampling and promotional opportunity for our guests because many guests are experiencing Dave & Buster s for the first time.

Continue to enhance margins. We believe we are well-positioned to continue to increase margins and have additional opportunities to reduce costs. Based on the operating leverage generated by our business model as described above, which we believe has benefited from the operating initiatives implemented by management in recent years and our national marketing expenditures, we believe we have the potential to further improve margins and deliver greater earnings from expected future increases in comparable store sales. Under our current cost structure, we estimate that more than 50% of any comparable store sales growth would flow through to our Adjusted EBITDA. We also believe that improved labor scheduling technology will allow us to further increase labor productivity in the future. Our continued focus on operating margins at individual locations and the deployment of best practices across our store base is expected to yield incremental margin improvements, although there is no guarantee that we will be able to achieve greater margins or greater earnings in the future.

There is no guarantee that we will be successful in implementing aspects of our growth strategy, including with respect to the rate at which we open new stores or our ability to improve margins and increase earnings. See Risks Associated With Our Business and Risk Factors elsewhere in this prospectus for risks associated with our ability to execute our growth strategy.

Site Selection

We believe that the location of stores is critical to our long-term success. We devote significant time and resources to strategically analyze each prospective market, trade area and site. We continually identify, evaluate and update our database of potential locations for expansion. To refine our site selection, we recently conducted extensive demographic and market analyses to determine the key drivers of successful new store performance. We now base new site selection on an analytical evaluation of a set of drivers we believe increase the probability of successful, high-volume stores.

In 2011 we opened a store in Orlando, Florida. During 2010, we opened one store in Wauwatosa, Wisconsin and one store in Roseville, California. The store in Wauwatosa (Milwaukee) opened as a large format design on March 1, 2010 and the store in Roseville (Sacramento) opened as a small format design on May 3, 2010. In 2009, we opened three new stores in Richmond, Virginia; Indianapolis, Indiana; and Columbus, Ohio. In 2008, we opened three new stores in Plymouth Meeting, Pennsylvania; Arlington, Texas; and Tulsa, Oklahoma.

We have one large format store under construction in Braintree, Massachusetts. We also have one small format store under construction in Oklahoma City, Oklahoma. We plan to open these stores in fiscal 2011. In addition, we intend to reopen the store in Nashville, Tennessee (a large format store), which temporarily closed on May 2, 2010 due to flooding, in the fourth fiscal quarter of 2011.

Our Store Formats

We have historically operated stores varying in size from 29,000 to 66,000 square feet. After significant store-level research and analysis we have found that incremental square footage in excess of 40,000 yields limited incremental sales volumes and lower margins. We have also experienced significant variability among stores in volumes, individual store-level EBITDA and net investment costs. Further, we have conducted sales per square foot analyses on individual games and improved the mix of the more profitable attractions within the stores. In order to optimize sales per square foot and further enhance our store economics, we have reduced the target size of our future large format stores to 35,000 40,000 square feet. We may take advantage of local market and economic conditions to open stores that are larger or smaller than this target size. To accomplish this, we have reduced the back-of-house space, and optimized the sales area allocated to billiards and other traditional games in favor of space dedicated to more profitable video and redemption games. As a result, we expect to generate significantly higher sales per square foot than the average of our current store base, although there is no guarantee that this will occur.

To facilitate further growth of our brand, we have developed a small store format specifically designed to backfill existing markets and penetrate less densely populated markets. We opened our initial store using a small store format in Tulsa, Oklahoma, in January 2009. We also opened small store formats in Richmond, Virginia in April 2009, Columbus, Ohio in October 2009 and Roseville, California in May 2010. We believe that the small store format will maintain the dynamic guest experience that is the foundation of our brand and allow us flexibility in our site selection process. Moreover, we expect the format to yield higher margins than our current stores by optimizing the ratio of selling space to back-of-the-house square footage and improving fixed cost leverage, although there is no guarantee that this will occur. Finally, we believe that the small store format will allow us to take less capital investment risk per store.

Our stores are generally located on land leased by our subsidiaries. Our lease terms, including renewal options, range from 20 to 40 years. Our leases typically provide for a minimum annual rent and contingent rent to be determined as a percentage of the applicable store s annual gross revenues, subject to market-based minimum annual rents. Thirty-nine of our leases include provisions for contingent rent and most have measurement periods which differ from our fiscal year. Currently only 12 locations have revenues that exceed their pro-rata contingent rent revenue threshold. Generally, leases are net leases that requires us to pay our pro rata share of taxes, insurance and maintenance costs. Typically, one of our subsidiaries is a party to the lease, and performance is guaranteed by the Company for all or for a portion of the lease term. A lease on one of our stores is scheduled to expire during fiscal 2012 and does not have an option to renew. A decision not to renew a lease for a store could be based on a number of factors, including an assessment of the area in which the store is located. We may choose not to renew, or may not be able to renew, certain of such existing leases if the capital investment then required to maintain the stores at the leased locations is not justified by the return on the required investment. If we are not able to renew the leases at rents that allow such stores to remain profitable as their terms expire, the number of such stores may decrease, resulting in lower revenue from operations, or we may relocate a store, which could subject us to construction and other costs and risks, and, in either case, could have a material adverse effect on our business, results of operations or financial condition.

In addition to our leased stores, we lease a 47,000 square foot office building and 30,000 square foot warehouse facility in Dallas, Texas, for use as our corporate headquarters and distribution center. This lease expires in October 2021, with options to renew until October 2041. We also lease a 22,900 square foot warehouse facility in Dallas, Texas, for use as additional warehouse space. This lease expires in January 2014.

Marketing, Advertising and Promotion

Our corporate marketing department manages all consumer-focused initiatives for the Dave & Buster s brand. In order to drive sales and expand our guest base, we focus our efforts in three key areas:

- ***Marketing:*** national advertising, media, promotions, in-store merchandising, pricing, local and digital marketing programs
- ***Food and beverage:*** menu & product development, in-store execution
- ***Guest insights:*** research, brand health & tracking

We spent approximately $26.7 million in marketing efforts in fiscal 2010, $26.6 million in fiscal 2009 and $26.6 million in fiscal 2008. Our annual marketing expenditures include corporate allocations of the cost of national programs totaling approximately $25.8 million, $25.7 million and $25.0 million in fiscal years 2010, 2009 and 2008, respectively. We have improved marketing effectiveness through a number of initiatives. Over the last three years, we:

- performed extensive research to better understand our guest base and fine-tune the brand positioning;
- refined our marketing strategy to better reach both young adults and families;
- created a new advertising campaign;

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- invested in menu research and development to differentiate our food offerings from our competition and improve key product attributes (quality, consistency, value and overall guest satisfaction) and execution;
- developed product/promotional strategies to attract new guests and increase spending/length of stay;
- leveraged our loyalty database to engage and motivate guests;
- invested more in digital social media to create stronger relationships with consumers; and
- defined a consistent brand identity that reflects our quality, heritage and energy.

To drive traffic and increase visit frequency and average check size, the bulk of our marketing budget is allocated to our national cable television media. To enhance that effort, we also develop:

- local marketing plans;
- in-store promotions;
- digital loyalty programs;
- market-wide print;
- national and local radio;
- emails; and
- websites.

We work with external advertising, digital, media and design agencies in the development and execution of these programs.

Special Event Marketing

Our corporate and group sales programs are managed by our sales department, which provides direction, training, and support to the special events managers and their teams within each location. They are supported by a Special Events Call Center located at our Corporate Office, targeted print and online media plans, as well as promotional incentives at appropriate times across the year.

Operations

Management

The management of our store base is divided into six regions, each of which is overseen by a Regional Operations Director or Regional Vice President who reports to the President and Chief Operating Officer. Our Regional Operators oversee seven to eleven Company-owned stores each, which we believe enables them to better support the General Managers and achieve sales and profitability targets for each store within their region. In addition, we have one Regional Operations Director who primarily focuses on new store openings.

Our typical store team consists of a General Manager supported by an average of eight additional management positions. There is a defined structure of development and progression of job responsibilities from Line Manager through various positions up to the General Manager role. This structure ensures that an adequate succession plan exists within each store. Each Management member handles various departments within the location including responsibility for hourly employees.

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A typical store employs approximately 150 hourly employees, many of whom work part time. The General Manager and the management team is responsible for the day-to-day operation of that store, including the hiring, training and development of team members, as well as financial and operational performances. Our stores are generally open seven days a week, typically from 11:30 a.m. to midnight on Sunday through Thursday and 11:30 a.m. to 2:00 a.m. on Friday and Saturday.

Operational Tools and Programs

We utilize a customized food and beverage analysis program that determines the theoretical food and beverage costs for each store and provides additional tools and reports to help us identify opportunities, including waste management. Our managers perform a weekly complete test drive of each game to ensure that our amusement offerings are consistent with Dave & Buster s standards and operational. Consolidated reporting tools for each key driver of our business exist for our Regional Operations Directors to be able to identify and troubleshoot any systemic issues.

Management Information Systems

We utilize a number of proprietary and third party management information systems. These systems are designed to enable our games functionality, improve operating efficiencies, provide us with timely access to financial and marketing data, and reduce store and corporate administrative time and expense. We believe our management information systems are sufficient to support our store expansion plans.

Training

We strive to maintain quality and consistency in each of our stores through the careful training and supervision of our team members and the establishment of, and adherence to, high standards relating to personnel performance, food and beverage preparation, game playability and maintenance of our stores. We provide all new team members with complete orientation and one-on-one training for their positions to help ensure they are able to meet our high standards. All of our new team members are trained by partnering with a certified trainer to assure that the training and information they receive is complete and accurate. Team members are certified for their positions by passing a series of tests, including alcohol awareness training.

We require our new store managers to complete an 8-week training program that includes front of the house service, kitchen, amusements, and management responsibilities. Newly trained managers are then assigned to their home store where they receive additional training with their General Manager. We place a high priority on our continuing management development programs in order to ensure that qualified managers are available for our future openings. We conduct semi-annual talent reviews with each manager to discuss prior performance and future performance goals. Once a year we hold a General Manager conference in which our General Managers share best practices and also receive an update on our business plan.

When we open a new store, we provide varying levels of training to team members in each position to ensure the smooth and efficient operation of the store from the first day it opens to the public. Prior to opening a new store, our dedicated training and opening team travels to the location to prepare for an intensive two week training program for all team members hired for the new store opening. Part of the training teams stay on site during the first week of operation. We believe this additional investment in our new stores is important, because it helps us provide our guests with a quality experience from day one.

After a store has been opened and is operating smoothly, the managers supervise the training of new team members.

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Recruiting and Retention

We seek to hire experienced General Managers and team members, and offer competitive wage and benefit programs. Our store managers all participate in a performance based incentive program that is based on sales, profit and employee retention goals. In addition, our salaried and hourly employees are also eligible to participate in a 401(k) plan, medical/dental/vision insurance plans and also receive vacation/paid time off based on tenure.

Food Preparation, Quality Control and Purchasing

We strive to maintain high food quality standards. To ensure our quality standards are met, we negotiate directly with independent producers of food products. We provide detailed quality and yield specifications to suppliers for our purchases. Our systems are designed to protect the safety and quality of our food supply throughout the procurement and preparation process. Within each store, the Kitchen Manager is primarily responsible for ensuring the timely and correct preparation of food products, per the recipes we specify. We provide each of our stores with various tools and training to facilitate these activities.

The principal goods we purchase are games, prizes and food and beverage products, which are available from a number of suppliers.

Foreign Operations

We own and operate one store outside of the United States in Toronto, Canada. This store generated revenue of approximately $10.1 million USD in fiscal 2010, representing approximately 1.9% of our consolidated revenue. As of January 30, 2011, we have less than 2% of our long-lived assets located outside the United States. Additionally, a franchisee operates a Dave & Buster s store located in Niagara Falls, Ontario, Canada which opened on June 25, 2009.

The foreign activities are subject to various risks of doing business in a foreign country, including currency fluctuations, changes in laws and regulations and economic and political stability. We do not believe there is any material risk associated with the Canadian operations or any dependence by the domestic business upon the Canadian operations.

Suppliers

The principal goods used by us are games, prizes and food and beverage products, which are available from a number of suppliers. We have expanded our contacts with amusement merchandise suppliers through the direct import program, a program in which we purchase Winner s Circle merchandise and certain glasses, dishes and furniture directly from offshore manufacturers. We are a large buyer of traditional and amusement games and as a result receive discounted pricing arrangements. Federal and state health care mandates and mandated increases in the minimum wage could have the repercussion of increasing expenses, as suppliers may be adversely impacted by higher health care costs and increases in the minimum wage.

Competition

The out-of-home entertainment market is highly competitive. We compete for guests discretionary entertainment dollars with theme parks, as well as with providers of out-of-home entertainment, including localized attraction facilities such as movie theatres, sporting events, bowling alleys, nightclubs and restaurants. We also face competition from local establishments that offer entertainment experiences similar to ours and restaurants that are highly competitive with respect to

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price, quality of service, location, ambience and type and quality of food. We also face competition from increasingly sophisticated home-based forms of entertainment, such as internet and video gaming and home movie delivery.

Intellectual Property

We have registered the trademarks Dave & Buster's®, Power Card®, Eat & Play Combo®, and Eat Drink Play®, and have registered or applied to register certain additional trademarks with the United States Patent and Trademark Office and in various foreign countries. We consider our trade name and our signature bulls-eye logo to be important features of our operations and seek to actively monitor and protect our interest in this property in the various jurisdictions where we operate. We also have certain trade secrets, such as our recipes, processes, proprietary information and certain software programs that we protect by requiring all of our employees to sign a code of ethics, which includes an agreement to keep trade secrets confidential.

Employees

As of May 1, 2011, we employed 7,343 persons, 174 of whom served at our corporate headquarters, 519 of whom served as management personnel and the remainder of whom were hourly personnel.

None of our employees are covered by collective bargaining agreements and we have never experienced an organized work stoppage, strike or labor dispute. We believe working conditions and compensation packages are competitive with those offered by competitors and consider our relations with our employees to be good.

Legal Proceedings

We are subject to certain legal proceedings and claims that arise in the ordinary course of our business. In the opinion of management, based upon consultation with legal counsel, the amount of ultimate liability with respect to, or an adverse outcome in any such legal proceedings or claims will not materially affect our business, the consolidated results of our operations or our financial condition.

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Properties

As of August 1, 2011, we lease the building and site of all 57 company-owned stores. There is also one franchised store operating in Canada. The Company has no financial obligation relating to the franchisee s property. The following table sets forth the number of stores we operate in each city and the size of the venue, as of August 1, 2011.

Location/Market	Square Footage	Location/Market	Square Footage
Phoenix, AZ	65,000	Omaha, NE	29,000
Tempe, AZ	50,000	Williamsville, NY (Buffalo)	37,000
Irvine, CA (Los Angeles)	55,000	Farmingdale, NY (Long Island)	60,000
Milpitas, CA (San Jose)	60,000	Islandia, NY (Long Island)	48,000
Ontario, CA (Los Angeles)	60,000	West Nyack, NY (Palisades)	49,000
Orange, CA (Los Angeles)	58,000	New York, NY	33,000
Roseville, CA (Sacramento)	17,000	Westbury, NY (Long Island)	46,000
San Diego, CA	44,000	West Lake, OH (Cleveland)	58,000
Arcadia, CA (Los Angeles)	50,000	Hilliard, OH (Columbus)	38,000
Denver, CO	48,000	Columbus Polaris, OH	17,000
Westminster, CO (Denver)	40,000	Springdale, OH (Cincinnati)	64,000
Hollywood, FL (Miami)	58,000	Tulsa, OK	17,000
Jacksonville, FL	40,000	Franklin Mills, PA (Philadelphia)	60,000
Orlando, FL	40,000	Philadelphia, PA	65,000
Miami, FL	60,000	Homestead, PA (Pittsburgh)	60,000
Marietta, GA (Atlanta)	59,000	Plymouth Meeting, PA (Philadelphia)	34,000
Duluth, GA (Atlanta)	57,000	Providence, RI	40,000
Lawrenceville, GA (Atlanta)	61,000	Nashville, TN(a)	57,000
Honolulu, HI	44,000	Arlington, TX (Dallas)	33,000
Addison, IL (Chicago)	50,000	Austin, TX	40,000
Chicago, IL	58,000	Dallas, TX	30,000
Indianapolis, IN	33,000	Frisco, TX (Dallas)	50,000
Kansas City, KS	49,000	Houston I, TX	53,000
Hanover, MD (Baltimore)	64,000	Houston II, TX	66,000
Kensington, MD (Washington, DC)	59,000	San Antonio, TX	50,000
Utica, MI (Detroit)	55,000	Glen Allen, VA (Richmond)	16,000
Maple Grove, MN (Minneapolis)	32,000	Wauwatosa, WI (Milwaukee)	34,000
St. Louis, MO	55,000	Toronto, Canada	60,000
Concord, NC (Charlotte)	53,000		

(a) This location was temporarily closed on May 2, 2010 due to flooding and is expected to reopen in the fourth quarter of fiscal 2011.

Our stores generally are located on land leased by our subsidiaries. The contracted lease terms, including renewal options, generally range from 20 to 40 years. Our leases typically provide for a minimum annual rent and contingent rent to be determined as a percentage of the applicable store s annual gross revenues, subject to market-based minimum annual rents. Thirty-nine of our leases include provisions for contingent rent and most have measurement periods which differ from our fiscal year. Currently only 12 locations have revenues that exceed their pro rata contingent rent revenue threshold. Generally, leases are net leases that require us to pay our pro rata share of taxes, insurance and maintenance costs. Typically, one of our subsidiaries is a party to the lease, and performance is guaranteed by the Company for all or a portion of the lease term.

In addition to our leased stores, we lease a 47,000 square foot office building and 30,000 square foot warehouse facility in Dallas, Texas, for use as our corporate headquarters and distribution center. This lease expires in October 2021, with options to renew until October 2041. We also lease a 22,900 square foot warehouse facility in Dallas, Texas, for use as additional warehouse space. This lease expires in January 2014.

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MANAGEMENT

Directors, Executive Officers and Other Key Employees

The following table sets forth information regarding our directors and executive officers as of the date of this Prospectus. Within one year after the consummation of this offering, we intend to appoint enough additional independent persons to our Board of Directors to meet SEC and NYSE or NASDAQ guidelines related to audit committee independence. The full composition of the Board of Directors will be determined at that time. Executive officers serve at the request of the board of directors.

Name	Age	Position
Stephen M. King	53	Chief Executive Officer and Director
Dolf Berle(1)	48	President and Chief Operating Officer
Brian A. Jenkins	49	Senior Vice President and Chief Financial Officer
Sean Gleason	46	Senior Vice President and Chief Marketing Officer
Margo L. Manning	46	Senior Vice President of Human Resources
Michael J. Metzinger	54	Vice President Accounting and Controller
J. Michael Plunkett	60	Senior Vice President of Purchasing and International Operations
Jay L. Tobin	53	Senior Vice President, General Counsel and Secretary
Jeffrey C. Wood	49	Senior Vice President and Chief Development Officer
Tyler J. Wolfram	45	Chairman of the Board of Directors
Michael S. Green	38	Director
Kevin M. Mailender	33	Director
Alan J. Lacy	57	Director
David A. Jones	61	Director

(1) Mr. Berle joined the Company on February 14, 2011.

Set forth below is biographical information regarding our directors and executive officers:

Stephen M. King has served as our Chief Executive Officer and Director since September 2006. From March 2006 until September 2006, Mr. King served as our Senior Vice President and Chief Financial Officer. From 1984 to 2006, he served in various capacities for Carlson Restaurants Worldwide Inc., a company that owns and operates casual dining restaurants worldwide, including Chief Financial Officer, Chief Administrative Officer, Chief Operating Officer and, most recently, as President and Chief Operating Officer of International. Mr. King brings substantial industry, financial and leadership experience to our Board of Directors.

Dolf Berle has served as our President and Chief Operating Officer beginning on February 14, 2011. Mr. Berle has been Executive Vice President of Hospitality and Business and Sports Club Division Head for ClubCorp USA, Inc., the largest owner and operator of golf, country club and business clubs, since August 2009. Previously, Mr. Berle served as President of Lucky Strike Entertainment, an upscale chain of bowling alleys, from December 2006 to July 2009 and Chief Operating Officer of House of Blues Entertainment, Inc., a chain of live music venues, from April 2004 to December 2006.

Brian A. Jenkins joined us as our Senior Vice President and Chief Financial Officer in December 2006. From 1996 until August 2006, he served in various capacities (most recently as Senior Vice President Finance) at Six Flags, Inc., an amusement park operator.

Sean Gleason has served as our Senior Vice President and Chief Marketing Officer since August 2009. From June 2005 until October 2008, Mr. Gleason was the Senior Vice President of Marketing

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Communications at Cadbury Schweppes where he led initiatives for brands such as Dr Pepper, 7UP and Snapple. From May 1995 until May 2005, he served in various capacities (most recently as Vice President, Advertising/Media/Brand Identity) at Pizza Hut for Yum! Brands, the world s largest restaurant company.

Margo L. Manning has served as our Senior Vice President of Human Resources since November 2010. Previously, she served as our Senior Vice President of Training and Special Events from September 2006 until November 2010, our Vice President of Training and Sales from June 2005 until September 2006 and as Vice President of Management Development from September 2001 until June 2005. From December 1999 until September 2001, she served as our Assistant Vice President of Team Development, and from 1991 until December 1999, she served in various positions of increasing responsibility for us and our predecessors.

Michael J. Metzinger has served as our Vice President Accounting and Controller since January 2005. From 1986 until January 2005, Mr. Metzinger served in various capacities (most recently as Executive Director Financial Reporting) at Carlson Restaurants Worldwide, Inc., a company that owns and operates casual dining restaurants worldwide.

J. Michael Plunkett has served as our Senior Vice President of Purchasing and International Operations since September 2006. Previously, he served as our Senior Vice President Food, Beverage and Purchasing/Operations Strategy from June 2003 until June 2004 and from January 2006 until September 2006. Mr. Plunkett also served as Senior Vice President of Operations for Jillian s from June 2004 to January 2006, as Vice President of Kitchen Operations from November 2000 until June 2003, as Vice President of Information Systems from November 1996 until November 2000 and as Vice President and Director of Training from November 1994 until November 1996. From 1982 until November 1994, he served in operating positions of increasing responsibility for us and our predecessors.

Jay L. Tobin has served as our Senior Vice President, General Counsel and Secretary since May 2006. From 1988 to 2005, he served in various capacities (most recently as Senior Vice President and Deputy General Counsel) at Brinker International, Inc., a company that owns and operates casual dining restaurants worldwide.

Jeffrey C. Wood has served as our Senior Vice President and Chief Development Officer since June 2006. Mr. Wood previously served as Vice President of Restaurant Leasing for Simon Property Group, a shopping mall owner and real estate company, from April 2005 until June 2006 and in various capacities (including Vice President of Development Emerging Concepts and Vice President of Real Estate and Property Development) at Brinker International, Inc., a company that owns and operates casual dining restaurant worldwide, from 1993 until November 2004.

Tyler J. Wolfram is a Partner of Oak Hill Capital Management, LLC and has been with the firm since 2001. He is responsible for originating, structuring, and managing investments in the Consumer, Retail & Distribution industry group. He currently serves as a director of NSA International, LLC and The Hillman Companies, Inc. Mr. Wolfram has served as Chairman of our Board of Directors since June 2010 and brings substantial financial, investment and business experience to our Board of Directors.

Michael S. Green is a Partner of Oak Hill Capital Management, LLC and has been with the firm since 2000. He is responsible for originating, structuring, and managing investments in the Consumer, Retail & Distribution industry group. Mr. Green currently serves as a director of NSA International, LLC, Monsoon Commerce Solutions, Inc. and The Hillman Companies, Inc. Mr. Green has served on our Board of Directors since June 2010 and brings substantial financial, investment and business experience to our Board of Directors.

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Kevin M. Mailender is a Principal of Oak Hill Capital Management, LLC and has been with the firm since 2002. Mr. Mailender is responsible for investments in the Consumer, Retail & Distribution industry group. He currently serves as director of The Hillman Companies, Inc. Mr. Mailender also assists on the audit committee of NSA International, LLC. Mr. Mailender has served on our Board of Directors since June 2010 and brings substantial financial, investment and business experience to our Board of Directors.

Alan J. Lacy has been a Senior Advisor to the Oak Hill Funds, providing consulting services to various portfolio companies, since 2007. Prior to advising Oak Hill, he was Vice Chairman and Chief Executive Officer of Sears Holdings Corporation, a large broadline retailer, and Chairman and Chief Executive Officer of Sears Roebuck and Co., a large retail company. During Mr. Lacy s tenure as CEO of Sears, the company created significant value for shareholders by executing major restructuring and growth initiatives, including the merger of Sears and Kmart, the acquisition of Lands End and the sale of Sears credit business. Prior to that, Mr. Lacy was employed in a number of executive level positions at major retail and consumer products companies, including Sears, Kraft, Philip Morris and Minnetonka Corporation. Mr. Lacy currently serves as a director of Bristol-Myers Squibb Company and The Hillman Companies, Inc. and served as a director of The Western Union Company from 2006-2011. Mr. Lacy is a Trustee of Fidelity Funds. Mr. Lacy has served on our Board of Directors since June 2010 and brings substantial management experience to our Board of Directors.

David A. Jones has been a Senior Advisor to the Oak Hill Funds, providing consulting services to various portfolio companies, since 2008. Prior to advising Oak Hill, he served from 1996 until 2007 as the Chairman and Global Chief Executive Officer of Spectrum Brands, Inc., a $2.7 billion publicly traded consumer products company with operations in 120 countries worldwide and whose brand names include Rayovac, Varta, Remington, Cutter and Tetra. Prior to that, Mr. Jones was the Chairman and Chief Executive Officer of Rayovac Corporation (the predecessor to Spectrum Brands), a $1.4 billion publicly traded global consumer products company with major product offerings in batteries, portable lighting and shaving and grooming categories. After Mr. Jones was no longer an executive officer of Spectrum Brands, it filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code in March 2009 and exited from bankruptcy proceedings in August 2009. In aggregate, Mr. Jones has over 35 years of experience in senior leadership roles at several leading public and private global consumer products companies, including Spectrum Brands, Rayovac, Thermoscan, Regina, Electrolux, Sara Lee, and General Electric. He currently serves as a director of Pentair, Inc. and The Hillman Companies, Inc. Mr. Jones has served on our Board of Directors since June 2010 and brings substantial management experience to our Board of Directors.

Director Compensation

The following table sets forth the information concerning all compensation paid by the Company during fiscal 2010 to our directors.

Name(1)	Year	Fees earned or paid in cash($)(2)	Option awards($)(3)	All other compensation($)	Total($)
Alan J. Lacy	2010	50,000	389,295		439,295
David A. Jones	2010	33,334	194,647		227,981

(1) Messrs. King, Wolfram, Green and Mailender were omitted from the Director Compensation Table as they do not receive compensation for service on our Board of Directors. Mr. King s compensation is reflected in the Summary Compensation Table.

(2) Reflects the prorata portion of the annual stipend received for service on the Board of Directors during 2010. Board members are also reimbursed for out-of-pocket expenses incurred in

connection with their board service. Such reimbursements are not included in this Table. There are no other fees earned for service on the Board of Directors.

(3) Amounts in this column reflect the aggregate grant date fair value of options calculated in accordance with ASC 718. The discussion of assumptions used for purposes of the valuation of options granted in 2010 appear in Note 1 of the 2010 Consolidated Financial Statements contained in this prospectus.

The members of our Board of Directors, other than Alan Lacy and David Jones, are not separately compensated for their services as directors, other than reimbursement for out-of-pocket expenses incurred in connection with rendering such services. In addition to reimbursement for out-of-pocket expenses incurred in connection with their board service, Mr. Lacy receives an annual cash stipend of $75,000 and Mr. Jones receives an annual cash stipend of $50,000 for serving as members of our Board of Directors. Mr. Lacy and Mr. Jones participate in the Dave & Buster s Parent, Inc. 2010 Management Incentive Plan (the Stock Incentive Plan) and each has received an option grant in consideration of their service on our Board of Directors.

Following the consummation of this offering, the members of the Board of Directors will be compensated for their services as directors, through board fees of $ per quarter, annual stock grants with a value of $, and reimbursement for out-of-pocket expenses incurred in connection with rendering such services for so long as they serve as directors. The chairman of the audit committee will receive a quarterly fee of $ in cash and the chairman of the compensation committee will receive a quarterly fee of $ in cash.

Director Independence and Controlled Company Exception

Our Board of Directors has affirmatively determined that Messrs. , , and will be an independent director under the applicable rules of the NYSE and NASDAQ and Messrs. , , and will be an independent director as such term is defined in Rule 10A-3(b)(1) under the Exchange Act.

After completion of this offering, affiliates of the Oak Hill Funds will continue to control a majority of our outstanding common stock. As a result, we are a controlled company within the meaning of the NYSE and NASDAQ corporate governance standards. Under these rules, a controlled company may elect not to comply with certain NYSE and NASDAQ corporate governance standards, including:

- the requirement that a majority of the Board of Directors consist of independent directors;
- the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating and corporate governance committee and compensation committee.

Following this offering, we intend to utilize these exemptions. As a result, we may not have a majority of independent directors, our nominating and corporate governance committee and compensation committee will not consist entirely of independent directors and such committees will not be subject to annual performance evaluations. Accordingly, our stockholders will not have the same protections afforded to shareholders of companies that are subject to all of the NYSE or NASDAQ corporate governance requirements.

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Corporate Governance

The Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The charters for each of these committees are posted on our website at www.daveandbusters.com/about/corporategovernance.aspx. The Board of Directors does not have a policy with regard to the consideration of any director candidates recommended by our debt holders or other parties.

The Audit Committee, comprised of Messrs. Lacy, Jones, and , and chaired by Mr. Lacy, recommends to the Board of Directors the appointment of the company s independent auditors, reviews and approves the scope of the annual audits of the company s financial statements, reviews our internal control over financial reporting, reviews and approves any non-audit services performed by the independent auditors, reviews the findings and recommendations of the internal and independent auditors and periodically reviews major accounting policies. It operates pursuant to a charter that was adopted on , 2011. In addition, the Board of Directors has determined that each of the members of the Audit Committee is qualified as a financial expert under the provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations of the SEC.

The Compensation Committee, comprised of Messrs. , , and , and chaired by Mr. , reviews the company s compensation philosophy and strategy, administers incentive compensation and stock option plans, reviews the CEO s performance and compensation, reviews recommendations on compensation of other executive officers, and reviews other special compensation matters, such as executive employment agreements. It operates pursuant to a charter that was adopted on , 2011.

The Nominating and Corporate Governance Committee, comprised of Messrs. , , and , and chaired by Mr. , identifies and recommends the individuals qualified to be nominated for election to the Board of Directors, recommends the member of the Board of Directors qualified to be nominated for election as its Chairperson, recommends the members and chairperson for each committee of the Board of Directors, periodically reviews and assesses our Corporate Governance Guidelines and Principles and Code of Business Conduct and Ethics and oversees the annual self-evaluation of the performance of the Board of Directors and the annual evaluation of the performance of our management. It operates pursuant to a charter that was adopted on , 2011.

The entire Board of Directors is engaged in risk management oversight. At the present time, the Board of Directors has not established a separate committee to facilitate its risk oversight responsibilities. The Board of Directors will continue to monitor and assess whether such a committee would be appropriate. The Audit Committee assists the Board of Directors in its oversight of our risk management and the process established to identify, measure, monitor, and manage risks, in particular major financial risks. The Board of Directors receives regular reports from management, as well as from the Audit Committee, regarding relevant risks and the actions taken by management to adequately address those risks.

Our board leadership structure separates the Chairman and Chief Executive Officer roles into two positions. We established this leadership structure based on our ownership structure and other relevant factors. The Chief Executive Officer is responsible for our strategic direction and our day-to-day leadership and performance, while the Chairman of the Board of Directors provides guidance to the Chief Executive Officer and presides over meetings of the Board of Directors. We believe that this structure is appropriate under current circumstances, because it allows management to make the operating decisions necessary to manage the business, while helping to keep a measure of independence between the oversight function of our Board of Directors and operating decisions.

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Code of Business Ethics and Whistle Blower Policy

In April 2006, the Board of Directors adopted a Code of Business Ethics that applies to its directors, officers (including its Chief Executive Officer, Chief Financial Officer, Controller and other persons performing similar functions), and management employees. The Code of Business Ethics is available on our website at www.daveandbusters.com/about/codeofbusinessethics.aspx. We intend to post any material amendments or waivers of, our Code of Business Ethics that apply to our executive officers, on this website. In addition, our Whistle Blower Policy is available on our website at www.daveandbusters.com/about/whistleblowerpolicy.aspx.

Communications with the Board of Directors

If security holders wish to communicate with the Board of Directors or with an individual director, they may direct such communications in care of the General Counsel, 2481 Mañana Drive, Dallas, Texas 75220. The communication must be clearly addressed to the Board of Directors or to a specific director. The Board of Directors has instructed the General Counsel to review and forward any such correspondence to the appropriate person or persons for response.

Compensation Committee Interlocks and Insider Participation

During 2010, the members of our compensation committee were Messrs. Wolfram, Green and Lacy. Messrs Wolfram and Green are partners at Oak Hill Capital Management, LLC. Mr. Lacy is a Senior Advisor to the Oak Hill Funds. Oak Hill Capital Management, LLC provides Dave & Buster s with advisory services pursuant to its advisory services and monitoring agreement and has entered into other transactions with us. See *Certain Relationships and Related Transactions*.

Upon the completion of this offering, none of our executive officers will serve on the compensation committee or Board of Directors of any other company of which any of the members of our compensation committee or any of our directors is an executive officer.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This section describes our compensation program for our named executive officers (NEOs). The following discussion focuses on our compensation program and compensation-related decisions for fiscal 2010 and also addresses why we believe our compensation program is right for us.

Compensation philosophy and overall objectives of executive compensation programs

It is our philosophy to link executive compensation to corporate performance and to create incentives for management to enhance our value. The following objectives have been adopted by the Compensation Committee as guidelines for compensation decisions:

- provide a competitive total executive compensation package that enables us to attract, motivate and retain key executives;
- integrate the compensation arrangements with our annual and long-term business objectives and strategy, and focus executives on the fulfillment of these objectives; and
- provide variable compensation opportunities that are directly linked with our financial and strategic performance.

Procedures for determining compensation

Our Compensation Committee has the overall responsibility for designing and evaluating the salaries, incentive plan compensation, policies and programs for our NEOs. The Compensation Committee relies on input from our Chief Executive Officer regarding the NEOs (other than himself) and an analysis of our corporate performance. With respect to the compensation for the Chief Executive Officer, the Compensation Committee evaluates the Chief Executive Officer s performance and sets his compensation. With respect to our corporate performance as a factor for compensation decisions, the Compensation Committee considers, among other aspects, our long-term and short-term strategic goals, revenue goals and profitability.

Our Chief Executive Officer, Mr. King, plays a significant role in the compensation-setting process of the other NEOs. Mr. King evaluates the performance of the other NEOs and makes recommendations to the Compensation Committee concerning performance objectives and salary and bonus levels for the other NEOs. The Compensation Committee then discusses the recommendations with the Chief Executive Officer at least annually. The Compensation Committee may, in its sole discretion, approve, in whole or in part, the recommendations of the Chief Executive Officer. By a delegation of authority from the Board of Directors, the Compensation Committee has final authority regarding the overall compensation structure for the NEOs (other than stock option awards). In fiscal 2011, the Compensation Committee approved Mr. King s recommendations for salary and bonus with respect to each of the other NEOs.

In determining the adjustments to the compensation of our NEOs, we did not conduct a peer group study, perform a benchmarking survey for fiscal 2011 or rely on a compensation consultant. Our Compensation Committee relied on the experience of Wellspring and Oak Hill Capital Partners in managing other portfolio companies, and those experiences informed and guided our compensation decisions for fiscal 2010.

Elements of compensation

The compensation of our NEOs consists primarily of four major components:

- base salary;
- annual incentive awards;
- long-term incentive awards; and
- other benefits.

Base salary

The base salary of each of our NEOs is determined based on an evaluation of the responsibilities of that position, each NEO s historical salary earned in similar management positions and Oak Hill Capital Partners experience in managing other portfolio companies. A significant portion of each NEO s total compensation is in the form of base salary. The salary component was designed to provide the NEOs with consistent income and to attract and retain talented and experienced executives capable of managing our operations and strategic growth. Annually, the performance of each NEO is reviewed by the Compensation Committee using information and evaluations provided by the Chief Executive Officer with respect to the other NEOs and its own assessment of the Chief Executive Officer, taking into account our operating and financial results for the year, a subjective assessment of the contribution of each NEO to such results, the achievement of our strategic growth and any changes in our NEOs roles and responsibilities. During fiscal 2010, each of Mr. Jenkins, Mr. Tobin and Mr. Wood received a merit-based increase in base salary.

Annual incentive plan

The Dave & Busters, Inc. Executive Incentive Plan (the Annual Incentive Plan) is designed to recognize and reward our employees for contributing towards the achievement of our annual business plan. The Compensation Committee believes the Annual Incentive Plan serves as a valuable short-term incentive program for providing cash bonus opportunities for our employees upon achievement of targeted operating results as determined by the Compensation Committee and the Board of Directors. The fiscal 2010 Annual Incentive Plan for most employees was based on our targeted Adjusted EBITDA of $88.6 million for fiscal 2010. However, substantially all of the NEOs received a bonus based on an achievement of various corporate objectives (including items such as our targeted Adjusted EBITDA of $88.6 million, our targeted total revenues of $533.3 million, our targeted capital expenditures of $17.9 million and our 5 targeted signed leases) as determined by the Compensation Committee prior to the beginning of fiscal 2010. In 2010, our actual Adjusted EBITDA was $86.3 million, our actual total revenues were $521.5 million, our actual capital expenditures for targeted projects was $17.9 million and the number of actual signed leases was 5. Generally, bonus payouts are based 75% on the achievement of a target based on Adjusted EBITDA and 25% on the achievement of total revenue targets. The Compensation Committee reviews and modifies the performance goals for the Annual Incentive Plan as necessary to ensure reasonableness, achievability and consistency with our overall objectives. In fiscal 2010, incentive compensation awards for all of the NEOs were approved by the Compensation Committee and reported to the Board of Directors. The Compensation Committee and the Board of Directors believe the fiscal 2010 performance targets were challenging to achieve in our current economic environment and yet provided an appropriate incentive for performance, in that it required the achievement of a significant increase in revenues and Adjusted EBITDA compared to our prior year performance.

Under each NEO s employment agreement and the Annual Incentive Plan, a target bonus opportunity is expressed as a percentage (50% in fiscal 2010 and increased to 60% in fiscal 2011) of an NEO s annualized base salary as of the end of the fiscal year. Bonuses in excess or below the

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target level may be paid subject to a prescribed maximum or minimum. Below a minimum threshold level of performance, no awards will be granted under the Annual Incentive Plan.

At the close of the performance period, the Compensation Committee determined the bonuses for the NEOs following the annual audit and reporting of financial results for fiscal 2010 and reported the awards to the Board of Directors. The Compensation Committee authorized bonuses to the NEOs in amounts that were commensurate with the results achieved at the end of fiscal 2010. In reviewing fiscal Annual Incentive Plan results, the Compensation Committee recognized that we exceeded the threshold (but were less than the target) for both adjusted EBITDA and total revenue targets for financial performance, which resulted in an award below target level performance for all employees, including the NEOs. Overall, our NEOs were paid between 82.2% and 95.1% of their target bonus opportunity for fiscal 2010 based on the achievement of between minimum and target EBITDA and total revenue performance.

The Compensation Committee believes the incentive awards were warranted and consistent with the performance of such executives during fiscal 2010 based on the Compensation Committee s evaluation of each individual s overall contribution to accomplishing our fiscal 2010 corporate goals and of each individual s achievement of strategic and individual performance goals during the year.

Long-term incentives

The Compensation Committee believes that it is essential to align the interests of the executives and other key management personnel responsible for our growth with the interests of our stockholders. The Compensation Committee has also identified the need to retain tenured, high performing executives. The Compensation Committee believes that these objectives are accomplished through the provision of stock-based incentives that align the interests of management personnel with the objectives of enhancing our value, as set forth in the Stock Incentive Plan.

The Board of Dire