EATON VANCE MICHIGAN MUNICIPAL INCOME TRUST
Form 3
December 10, 2008

FORM 3

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0104
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Â CITIGROUP INC

(Last) (First) (Middle)

399 PARK AVENUE,Â 3RD FLOOR

(Street)

NEW YORK,Â NYÂ 10043

(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
11/30/2008

3. Issuer Name **and** Ticker or Trading Symbol
EATON VANCE MICHIGAN MUNICIPAL INCOME TRUST [EMI]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director __X__ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Auction Rate Preferred	107 (1)	I	By Subsidiary

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) Title	4. Conversion or Exercise Price of Derivative	5. Ownership Form of Derivative Security:	6. Nature of Indirect Beneficial Ownership (Instr. 5)

Date Exercisable	Expiration Date	Amount or Number of Shares	Security	Direct (D) or Indirect (I) (Instr. 5)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CITIGROUP INC 399 PARK AVENUE 3RD FLOOR NEW YORK,Â NYÂ 10043	Â	Â X	Â	Â

Signatures

Citigroup Inc., By: /s/ Riqueza V. Feaster, Assistant Secretary	12/10/2008
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The Auction Preferred Shares ("Shares") reported in Table I represent 107 Shares beneficially owned by Citigroup Global Markets Inc. ("CGMI"). Citigroup Financial Products Inc. ("CFP") is the sole stockholder of CGMI. Citigroup Global Markets Holdings Inc. ("CGMHI") is the sole stockholder of CFP. Citigroup Inc. ("Citigroup") is the sole stockholder of CGMHI.

Â

Remarks:

TheÂ 107Â SharesÂ reportedÂ hereinÂ representÂ Citigroup?sÂ combinedÂ holdingsÂ inÂ multipleÂ seriesÂ ofÂ auctionÂ

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. right">11,312 $4,189 $4,668 $6,132

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Explanation of Responses:

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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

Scheduled amortization for future years, assuming no early prepayment of principal is as follows:

2011	$ 1,909
2012	1,942
2013	1,906
2014	1,906
2015	1,623
Thereafter	2,026
Total amortization	$ 11,312

Income taxes 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 also recognize liabilities for uncertain income tax positions for those items that meet the more likely than not threshold.

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

As of January 30, 2011, we have accrued approximately $881 of unrecognized tax benefits, including an additional amount of approximately $943 of penalties and interest. We recognized approximately $1,020 of tax benefits and an additional $210 of benefits related to penalties and interest during the third quarter as a result of the expiration of the statute of limitations. 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 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. These attributes were measured and recorded as deferred tax assets based on fair value adjustments as a result of the Acquisition and the application of business combination accounting.

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 January 30, 2011, we have recorded $10,827 as 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

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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

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.

Self-Insurance Accruals We are self-insured for certain losses related to workers compensation claims and general liability matters and our company sponsored employee health insurance programs. We estimate the accrued liabilities for our self-insurance programs using historical claims experience and loss reserves, assisted by independent third-party actuaries. To limit our exposure to losses, we maintain stop-loss coverage through third-party insurers.

Successor share-based expense In June 2010 the members of our Board of Directors approved the granting of nonqualified stock options to members of our management and outside board members pursuant the terms of the Dave & Buster s Parent, Inc. 2010 Management Incentive Plan (2010 Parent Co. Incentive Plan). Each grantee received (i) time vesting options, which vest ratably on the first through fifth anniversary of the date of grant and (ii) performance vesting options which include EBITDA vesting options which vest over a five year period based on Entertainment Co. meeting certain profitability targets for each fiscal year and IRR vesting options which shall vest upon a change in control of Entertainment Co. if Oak Hill s internal rate of return is greater than or equal to certain percentages set forth in the applicable option agreement, in each case subject to the grantee s continued employment with or service to Entertainment Co. or its subsidiaries (subject to certain conditions in the event of grantee termination.)

The expense associated with share-based equity awards granted as more fully described in Note 11 have been calculated as required by current accounting standards related to stock compensation. The grant date fair values of the options granted in 2010 have been determined based on the option pricing method prescribed in AICPA Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. The expected term of the options were based on the weighted average of anticipated exercise dates. Since we do not have publicly traded equity securities, the volatility of our options has been estimated using peer group volatility information. The risk-free interest rate was based on the implied yield on U.S. Treasury zero-coupon issues with a remaining term equivalent to the expected term. The significant assumptions used in determining the underlying fair value of the weighted-average options granted in fiscal 2010 were as follows:

Fiscal Year 2010 Grants

	Service-Based Options	Performance Based Options
Volatility	55.00%	55.00%
Risk free interest rate	2.03%	2.03%
Expected dividend yield	0.00%	0.00%
Expected term	4.67 years	4.67 years
Weighted average calculated value	$ 270.66	$ 78.83

Predecessor share-based expense In December 2006, the members of the Board of Directors of D&B Holdings approved the adoption of D&B Holdings stock option plan (the Predecessor Stock Option Plan). The Predecessor Stock Option Plan allowed for the granting to certain of Dave & Buster s, Inc. s employees and consultants options to acquire stock in D&B Holdings. On the closing date of the Acquisition described in Note 3 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

The expense associated with share-based equity awards granted as more fully described in Note 11 have been calculated as required by current accounting standards related to stock compensation. No options were granted under this plan in the 120 day period ended May 31, 2010 or in 2008. The grant date fair values of the options granted in 2009 have been determined based on a Black-Scholes option pricing model. We determined that this model yields materially similar values to option pricing models previously used and allows for the application of a uniform set of criteria across all grants. The expected term of the options were based on the weighted average of anticipated exercise dates. Since we do not have publicly traded equity securities, the volatility of our options has been estimated using peer group volatility information. The risk-free interest rate was based on the implied yield on U.S. Treasury zero-coupon issues with a remaining term equivalent to the expected term. We did not pay any dividends during the period from the establishment of the plan in December 2006 through May 31, 2010. The significant assumptions used in determining the underlying fair value of the weighted-average options granted in fiscal 2009 were as follows:

Fiscal Year 2009 Grants

Valuation Model	**Service-Based Options Black-Scholes**	**Performance Based Options Black-Scholes**
Volatility	55.00%	55.00%
Risk free interest rate	1.50%	1.40%
Expected dividend yield	0.00%	0.00%
Expected term	2.7 years	2.7 years
Weighted average calculated value	$ 495.40	$ 491.92

Foreign currency translation The financial statements related to the operations of our Toronto store are prepared in Canadian dollars. Income statement amounts are translated at average exchange rates for each period, while the assets and liabilities are translated at year-end exchange rates. Translation adjustments for assets and liabilities are included in shareholders equity as a component of comprehensive income.

Revenue recognition Food and beverage revenues are recorded at point of service. Amusement revenues consist primarily of credits on Power Cards purchased and used by guests to activate most of the video and redemption games in our midway. Amusement revenues are primarily recognized upon utilization of these game play credits. We have recognized a liability for the estimated amount of unused game play credits, which we believe our guests will utilize in the future.

Food and beverage cost of products Our dependence on a small number of suppliers subjects us to the possible risks of shortages, interruptions and price fluctuations. 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.

Amusements costs of products 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 redeeming the coupons for a prize in our Winner s Circle. Guests may also store 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 coupons outstanding, historic redemption patterns and the estimated redemption cost of products per coupon.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

Advertising costs Advertising costs are recorded as an expense in the period in which we incur the costs or the first time the advertising takes place. Advertising costs expensed in the 244 days ended January 30, 2011 (Successor) and the 120 days ended May 31, 2010 (Predecessor) totaled $17,004 and $9,660, respectively. Advertising costs expensed in fiscal years 2009 and 2008 were $26,588 and $26,605, respectively.

Lease accounting Rent expense is recorded on a straight-line basis over the lease term. The lease term commences on the date when we take possession and have the right to control the use of the leased premises. The lease term includes the initial non-cancelable lease term plus any periods covered by renewal options that we consider reasonably assured of exercising. The difference between rent payments and rent expense in any period is recorded as Deferred occupancy costs in the Consolidated Balance Sheets. Construction allowances we receive from the lessor to reimburse us for the cost of leasehold improvements are recorded as deferred occupancy costs and amortized as a reduction of rent over the term of the lease.

Related party transaction Prior to the Acquisition we had an expense reimbursement agreement with an affiliate of Wellspring, pursuant to which the Wellspring affiliate provided general advice to us in connection with long-term strategic plans, financial management, strategic transactions and other business matters. The expense reimbursement agreement provided for an annual expense reimbursement of up to $750 to the Wellspring affiliate. The agreement also provided for the dollar-for-dollar reimbursement of certain third-party expenses paid by Wellspring on behalf of the Company. The initial term of the expense reimbursement agreement would have expired in March 2011, and after that date, such agreement would renew automatically on a year-to-year basis unless one party gives at least 30 days prior notice of its intention not to renew. In the 120 days ended May 31, 2010, we paid the Wellspring affiliate $255 under the terms of the expense reimbursement agreement. In each fiscal year 2009 and 2008, we paid the Wellspring affiliate $750 under the terms of the expense reimbursement agreement. During the Predecessor portion of fiscal 2010, we expensed approximately $4,280 related to the sale of D&B Holdings arranged by Wellspring. During fiscal 2009 and fiscal 2008, we expensed approximately $155 and $1,184, respectively, for third-party expenses arranged by Wellspring in connection with the potential sale of Dave & Buster s Inc. or the initial public offering of D&B Holdings.

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 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. During fiscal 2010, we expensed approximately $4,638 related to the Acquisition of Dave & Buster s directed by Oak Hill.

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, training and recruiting and travel costs for employees engaged in such pre-opening activities. All pre-opening costs are expensed as incurred.

Comprehensive income Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from

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(in thousands, except share and per share amounts)

non-owner sources. In addition to net income (loss), unrealized foreign currency translation gain (loss) is included in comprehensive income. Unrealized translation gains for the 244 days ended January 30, 2011 (Successor) and the 120 days ended May 31, 2010 (Predecessor) were $195 and $49, respectively. Unrealized translation gains (losses) for fiscal years 2009 and 2008 were $250 and $(1,228), respectively.

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 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.

Review of Subsequent Events We have evaluated subsequent events through the issuance date of our consolidated financial statements. There were no material subsequent events noted, except for our issuance of senior discount notes and amendment of our credit facility as described in Note 8.

Note 3: Mergers and Acquisitions

Acquisition of Dave & Buster s Holdings, Inc.

The Acquisition described in Note 1 is being accounted for in accordance with accounting guidance for business combinations and accordingly, has resulted in the recognition of assets acquired and liabilities assumed at fair value. 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 (New Senior Notes);

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

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 Dave & Buster s 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 the 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 Entertainment, 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. We do not expect any additional material adjustments to these values.

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 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 $15,759	70,973
Property and equipment	315,914
Trade name	79,000
Other assets and deferred charges, including definite lived intangibles of $10,700	37,702
Goodwill	272,626
Total assets acquired	776,215
Current liabilities	64,911
Deferred occupancy costs	65,521
Deferred income taxes	36,928
Other liabilities	12,857
Total liabilities assumed	180,217

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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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

The following table presents the allocation of the intangible assets subject to amortization (amounts in thousands, except for amortization periods):

	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 $272,626 arising from the Acquisition is largely attributable to the future expected cash flows and growth potential of Dave & Buster s Entertainment, 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.

The fair value of other assets and deferred charges acquired includes notes receivable arising from sale-leaseback transactions on two properties with a fair value of $2,377. As of the Acquisition date, the gross amount due under the notes is $3,839, of which none is expected to be uncollectible.

Liabilities assumed were adjusted from Predecessor balances to recognize additional deferred income tax liabilities related to the increase in asset carrying values described above and to reflect the fair value of the obligations under operating leases.

Indefinite lived intangibles include tradenames in the amount of $79,000 and goodwill in the amount of $272,626 which are not subject to amortization, but instead are reviewed for impairment at least annually.

The Successor period transaction expenses consist of a $3,000 fee related to bridge loan financing required to complete the Acquisition and approximately $4,638 in charges for legal and professional services related to the Acquisition. The Predecessor period transaction expenses consist of approximately $4,280 in charges for legal and professional services related to the Acquisition. The bridge financing fee is reported as a component of interest expense, net and the legal and professional fees are reported as general and administrative expenses in the accompanying statements of operations.

Historically, the Predecessor has accounted for amusement smallwares as a component of inventory. Amusements smallwares inventory includes items classified in the following categories: electronics, general supplies, game parts, light bulbs and powercards. These supplies are necessary for the start-up and day-to-day amusement operation of a store and supply levels on hand remain relatively constant over time. The Successor has elected to classify amusement smallwares as a component of fixed assets and depreciate the assets over an estimated useful life of five years. Replacements of amusement smallwares items will be expensed as incurred.

Supplemental pro forma financial information The following supplemental unaudited pro forma results of operations assumes that the Acquisition occurred on the first day of the earliest fiscal year presented. 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

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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 and consist primarily of interest, depreciation and amortization and income tax expenses.

	Fiscal Year Ended
January 30, 2011	
As reported:	
Revenue	$ 521,539
Net income (loss)	(7,295)
Supplemental pro forma:	
Revenue	521,539
Net income (loss)	(2,048)
January 31, 2010	
As reported:	
Revenue	520,783
Net income (loss)	(350)
Supplemental pro forma:	
Revenue	520,783
Net income (loss)	(10,755)

Acquisition of Limited Partnership

Effective June 30, 2009, the Company acquired the 49.9% limited partner interest in a limited partnership which owns a Jillian s store in the Discover Mills Mall near Atlanta, Georgia. Prior to our June 30, 2009 acquisition, the Company owned a 50.1% general partner interest in the limited partnership. Historically, the Company accounted for our ownership of the general partnership interest using the equity method due to the substantive participative rights of the limited partner in the operations of the partnership.

The acquisition date fair value of the consideration given for the limited partner interest was $1,860 and consisted of an agreement to extend the underlying premises lease by an additional thirty-two months. Under the terms of the extended lease we also agreed to convert the Jillian s operations to the Dave & Buster s trade name by January 30, 2010. The Company completed the conversion of the store operations to Dave & Buster s on November 12, 2009.

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The acquisition of the limited partner interest was accounted for in accordance with accounting guidance for business combinations and, accordingly, resulted in the recognition of the assets acquired and the liabilities assumed at the June 30, 2009 fair values as summarized below:

	Fair Value
Assets:	
Current asset	$ 1,030
Property and equipment, net	2,185
Total assets	$ 3,215
Liabilities:	
Current liabilities	$ 498
Deferred occupancy costs	2,360
Total liabilities	$ 2,858

The acquisition resulted in a gain of approximately $357, which is included as a component of Other store operating expenses in the accompanying consolidated statements of operations.

Note 4: Fair Value

In March 2008, the FASB issued new accounting guidance regarding disclosures about derivative instruments and hedging activities. Entities with instruments subject to this accounting guidance are required to provide qualitative disclosures including (a) how and why derivative instruments are used, (b) how derivative instruments and related hedge items are accounted for under this accounting guidance, and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows. Additionally, under this accounting guidance, entities must disclose the fair values of derivative instruments and their gains and losses in a tabular format that identifies the location of derivative positions and the effect of their use in an entity s financial statements. The new accounting guidance for fair value requires companies to disclose the fair value of their financial instruments according to a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This guidance requires companies to provide additional disclosures based on that hierarchy. The three-levels of inputs used to measure fair value are as follows: 1) defined as observable inputs such as quoted prices in active markets for identical assets or liabilities as of the reporting date, 2) defined as pricing inputs other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reporting date, 3) defined as pricing inputs that are generally less observable from objective sources. Effective February 2, 2009, we adopted the new guidance.

In February 2007, the FASB issued accounting guidance that permits entities to report many financial instruments and certain other items at fair value. If the fair value option is elected, unrealized gains and losses will be recognized in earnings at each subsequent reporting date. Effective February 4, 2008, we adopted this guidance. We did not elect to measure any additional financial assets or liabilities at fair value that were not already measured at fair value under existing standards. Therefore, the adoption of this standard did not have an impact on our consolidated financial statements or results of operations.

The fair value of our interest rate swap contracts (for the Predecessor period only) was determined by third parties by means of a mathematical model that calculates the present value of the

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(in thousands, except share and per share amounts)

anticipated cash flows from the transaction using mid-market prices and other economic data and assumptions, or by means of pricing indications from one or more other dealers selected at their discretion.

As of January 30, 2011 there were no financial assets or liabilities that were measured at fair value on a recurring basis as the interest rate swaps agreements were settled in connection with the Acquisition.

At January 31, 2010, we held two interest rate swap contracts. The interest rate swaps are utilized to change a portion of the variable rate debt on our senior credit facility to fixed rate debt. Pursuant to the swap contracts, the interest rate on notional amounts aggregating $57,400 at January 31, 2010 is fixed at 5.31% plus applicable margin. The notional amounts decline ratably over the term of the contracts. The contracts have not been designated as hedges and adjustments to mark the instruments to their fair value are recorded as interest income/expense.

The fair value and balance sheet location of our derivative instrument is as follows:

	Liability Derivative			
	January 30, 2011 (Successor)		January 31, 2010 (Predecessor)	
Derivatives not designated as hedging instruments	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**
Interest rate swap contracts	Accrued liabilities	$	Accrued liabilities	$ 2,114

The effect of our derivative instrument on our consolidated statements of operations is as follows:

		Amount of Gain (Loss) Recognized In Income on Derivative	
Derivative not designated as hedging instruments	**Location of Gain (Loss) Recognized In Income on Derivative**	**Fiscal Year Ended January 30, 2011 (Successor)**	**Fiscal Year Ended January 1, 2010 (Predecessor)**
Interest rate swap contracts	Interest expense, net	$	$ 1,992

Note 5: Casualty loss

On May 2, 2010, flooding occurred in Nashville, Tennessee causing considerable damage to the city and surrounding area. Our Nashville store sustained significant damage, as did the retail mall where our store is located. The store is covered by up to $25,000 in property and business interruption insurance subject to an overall deductible of one thousand dollars. We have initiated property insurance claims, including business interruption, with our insurers. We cannot estimate at this time when the store will be back in operation. We do have the right under our insurance coverage to relocate the store within the Nashville area or, at our election, to another metropolitan area.

Prior to June 1, 2010, we reduced the carrying value of inventories and property and equipment, net at this location and recorded a corresponding $2,999 receivable (net of $500 payment received during the second quarter) related to the anticipated insurance proceeds for these items. During the fourth quarter, the Company received $4,308 additional insurance proceeds related to computers, furniture, fixtures and game equipment. The net result of this payment was a $3,757 pretax gain and that amount is included as a reduction to Other store operating expenses in the Successor s

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

Consolidated Statement of Operations. This gain is the difference between the $4,808 cash proceeds received from our insurance carrier and the $1,051 receivable balance previously recorded for these assets. $2,448 related to inventories and other property and equipment remain in insurance receivable at January 30, 2011. Also included in the receivable balance is $682, net of $326 payment received during the fourth quarter, related to the anticipated proceeds for flood clean up and other miscellaneous expenses. The $3,130 insurance receivable is included in Other current assets in the company s Consolidated Balance Sheets. This receivable represents our estimate of the carrying value of remaining net assets recoverable and reimbursement for flood cleanup expenses from our insurance policies based on the coverage in place and correspondence with our insurance carriers. All receivable amounts are expected to be collected. We have not recorded any gains or losses related to the amounts included in the insurance receivable.

In addition to the recoveries noted above, the Company has received $4,398 payment from our insurance carriers related to business interruption losses including a portion related to fiscal 2011. $2,769 has been recognized as a reduction to Other store operating expenses in the Successor s Consolidated Statement of Operations. The balance of $1,629 is included in Accrued liabilities in the Company s Consolidated Balance Sheet as it relates to estimated losses in future periods. The deferred insurance proceeds will be recognized during the applicable future periods.

Note 6: Property and Equipment

Property and equipment consist of the following:

	Estimated Depreciable Lives (In Years)	January 30, 2011 (Successor)	January 31, 2010 (Predecessor)
Land		$ 440	$ 385
Buildings	Shorter of 40 or ground lease term	15,217	16,356
Leasehold and building improvements	Shorter of 20 Or lease term	209,538	280,629
Furniture, fixtures and equipment	5-10	55,292	100,519
Games	5-20	49,664	68,391
Construction in progress		7,375	16,552
Total cost		337,526	482,832
Accumulated depreciation		(32,707)	(188,681)
Property and equipment, net		$ 304,819	$ 294,151

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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

Note 7: Accrued Liabilities

Accrued liabilities consist of the following:

	January 30, 2011 (Successor)	January 31, 2010 (Predecessor)
Compensation and benefits	$ 11,304	$ 12,042
Interest	6,079	9,305
Deferred amusement revenue	9,966	8,076
Amusement redemption liability	4,842	4,175
Deferred gift card revenue	3,683	3,729
Sales and use taxes	2,625	2,767
Guest deposits	1,759	1,434
Property taxes	3,174	2,683
Rent	5,909	6,002
Other	10,523	6,929
Total accrued liabilities	$ 59,864	$ 57,142

Note 8: Long-Term Debt

Long-term debt consisted of the following:

	January 30, 2011 (Successor)	January 31, 2010 (Predecessor)
Senior credit facility revolving	$	$
Senior credit facility term	149,250	67,250
Senior notes	200,000	160,000
Total debt outstanding	349,250	227,250
Unamortized debt discount	(1,332)	
Less current installments	1,500	836
Long-term debt, less current installments, net of unamortized discount	$ 346,418	$ 226,414

The Company received net proceeds on the term loan facility of $148,500, net of discount of $1,500. The discount is being amortized to interest expense over the life of the term loan facility.

Senior Credit Facility In connection with the Acquisition, we terminated the Predecessor s credit facility existing at the acquisition date and Dave & Buster s Holdings, Inc. together with Dave & Buster s, Inc. entered into a new 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. Upon consummation of the Acquisition, we drew $150,000 under the term loan facility, $2,000 under the new revolving credit facility and had $5,641 in letters of credit outstanding. As of January 30, 2011, we had no borrowings under the revolving credit facility, borrowings of $149,250 ($147,918, net of discount) under the term

DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

facility and $6,841 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 new 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 (or, in the case of the Canadian revolving credit facility, a Canadian prime rate or a 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 percentage between 2.50% and 4.50% 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 January 30, 2011.

The new senior credit facility requires compliance with financial covenants including a minimum fixed charge coverage ratio test and a maximum leverage ratio test. Dave & Buster s, Inc. will initially be required to maintain a minimum fixed charge coverage ratio of 1.00:1.00 and a maximum leverage ratio of 5.25:1.00 as of January 30, 2011. The financial covenants will become more restrictive over time. The required minimum fixed charge coverage ratio increases annually to a required ratio of 1.30:1.00 in the fourth quarter of fiscal year 2014 and thereafter. The maximum leverage ratio decreases annually to a required ratio of 3.25:1.00 in the fourth quarter of fiscal year 2014 and thereafter. In addition, the new senior secured credit facility includes negative covenants restricting or limiting, D&B Holdings, Dave & Buster s, Inc. and its subsidiaries ability to, among other things, incur additional indebtedness, pay dividends, make capital expenditures and sell or acquire assets. Virtually all of Dave & Buster s, Inc. s assets are pledged as collateral for the senior secured credit facility. The Company was in compliance with the debt covenants as of January 30, 2011.

The new senior secured credit facility also contains certain customary representations and warranties, affirmative covenants and events of default, including payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults and cross-acceleration to certain indebtedness, certain events of bankruptcy, certain events under the Employee Retirement Income Security Act of 1974 as amended from time to time (ERISA), material judgments, actual or asserted failures of any guarantee or security document supporting the new senior secured credit facility to be in full force and effect and a change of control. If an event of default occurs, the lenders under the new senior secured credit facility would be entitled to take various actions, including acceleration of amounts due under the new senior secured credit facility and all other actions permitted to be taken by a secured creditor.

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. 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.

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. On November 15, 2010, Dave & Buster s, Inc. completed an exchange with the holders of the senior notes pursuant to which the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

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 senior notes are general unsecured, unsubordinated obligations of Dave & Buster s, Inc. and mature on June 1, 2018. Interest on the 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 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 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 January 30, 2011, our $200,000 of senior notes had an approximate fair value of $223,750 based on quoted market price. The senior notes are considered to be Level 1 instruments.

The new senior notes restrict Dave & Buster s, Inc. s ability to incur indebtedness, outside of the new senior credit facility, unless the consolidated coverage ratio exceeds 2.00:1.00 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. The Company was in compliance with the debt covenants as of January 30, 2011.

Debt obligations The following table sets forth our future debt principal payment obligations as of January 30, 2011 (excluding repayment obligations under the revolving portion of our senior credit facility).

	Debt Outstanding at January 30, 2011
1 year or less	$ 1,500
2 years	1,875
3 years	1,500
4 years	1,500
5 years	1,500
Thereafter	341,375
Total future payments	$ 349,250

The following table sets forth our recorded interest expense, net:

	244 Days Ended January 30, 2011	120 Days Ended May 31, 2010	Fiscal Year Ended January 31, 2010	Fiscal Year Ended February 1, 2009
	(Successor)	(Predecessor)	(Predecessor)	(Predecessor)
Gross interest expense	$ 25,737	$ 7,180	$ 23,078	$ 27,221
Capitalized interest	(62)	(110)	(640)	(522)
Interest income	(189)	(94)	(316)	(522)
Total interest expense, net	$ 25,486	$ 6,976	$ 22,122	$ 26,177

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Senior Discount Notes On February 22, 2011, Dave & Buster s Parent, Inc. (now known as Dave & Buster s Entertainment, Inc.) issued principal amount $180,790 of 12.25% Senior 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. Entertainment Co. is the sole obligor of the notes. D&B Holdings, Dave & Buster s, Inc. nor any of their subsidiaries are guarantors of these notes. However, neither D&B Holdings nor Entertainment Co. have any material assets or operations separate from Dave & Buster s, Inc. Subsequent to that repurchase, Oak Hill controls approximately 95.7% and certain members of our Board of Directors and Management control approximately 4.3% of our outstanding common stock.

Note 9: Income Taxes

Entertainment Co. files a consolidated tax return with all its domestic subsidiaries.

The provision (benefit) for income taxes is as follows:

	244 Days Ended January 30, 2011 (Successor)	120 Days Ended May 30, 2011 (Predecessor)	Fiscal Year Ended January 31, 2010 (Predecessor)	Fiscal Year Ended February 1, 2009 (Predecessor)
Current expense				
Federal	$ (1,527)	$ 578	$ 3,219	$ 3,611
Foreign	188	47	244	(237)
State and local	33	1,019	2,883	305
Deferred expense (benefit)	(1,245)	(2,241)	(6,247)	(3,724)
Total provision (benefit) for income taxes	$ (2,551)	$ (597)	$ 99	$ (45)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

Significant components of the deferred tax liabilities and assets in the consolidated balance sheets are as follows:

	January 30, 2011 (Successor)	January 31, 2010 (Predecessor)
Deferred tax liabilities:		
Trademark/trade name	$ 31,625	$ 22,236
Prepaid expenses	493	552
Property and equipment	5,021	
Other	232	695
Total deferred tax liabilities	$ 37,371	$ 23,483
Deferred tax assets:		
Property and equipment	$	$ 4,672
Leasing transactions	1,202	5,064
Worker s compensation and general liability insurance	3,711	3,223
Smallware supplies	730	745
Deferred revenue	5,421	4,331
Deferred compensation	309	1,383
Interest rate swap expense		822
Accrued liabilities	1,481	1,250
Tax credit carryovers	6,840	55
State and federal net operating loss carryovers	8,472	4,845
Indirect benefit of unrecognized tax benefits	614	707
Other	1,899	808
Total deferred tax assets	30,679	27,905
Valuation allowance for deferred tax assets US	(10,347)	(10,401)
Valuation allowance for deferred tax assets Canada	(480)	(386)
Total deferred tax assets net of valuation allowance	19,852	17,118
Net deferred tax liability	$ 17,519	$ 6,365

At January 30, 2011, we had a $10,827 valuation allowance against our deferred tax assets. The valuation allowance was established in accordance with accounting guidance for income taxes. Primarily 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.

As of January 30, 2011, we had federal tax credit carryforwards of $6,787 and federal net operating loss carryforwards of $10,504 for income tax purposes. There is a 20-year carryforward on general business credits and net operating loss carryforwards.

The State of Texas has enacted legislation which established a tax based on taxable margin. As a result of the legislation and in accordance with accounting guidance for income taxes, we recorded an income tax expense of $222 for the fiscal year ended January 30, 2011.

We currently anticipate that approximately $11 of unrecognized tax benefits will be settled through federal and state audits or will be recognized as a result of the expiration of statute of

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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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 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 2006.

The change in unrecognized tax benefits excluding interest, penalties and related income tax benefits, for the 244 days ended January 30, 2011, 120 days ended May 31, 2010 and January 31, 2010 were as follows:

	244 Days Ended January 30, 2011 (Successor)	120 Days Ended May 31, 2010 (Predecessor)	Fiscal Year Ended January 31, 2010 (Predecessor)
Balance at beginning of year	$ 2,062	$ 2,199	$ 2,242
Additions for tax positions of prior years		442	366
Reductions for tax positions of prior years	(161)		
Additions for tax positions of current year			
Settlements		(579)	(39)
Lapse of statute of limitations	(1,020)		(370)
Balance at end of year	$ 881	$ 2,062	$ 2,199

As of January 30, 2011, the accrued interest and penalties on the unrecognized tax benefits were $768 and $175, respectively, excluding any related income tax benefits. As of January 31, 2010, the accrued interest and penalties on the unrecognized tax benefits were $856 and $144, respectively, excluding any related income tax benefits. The $88 decrease in accrued interest is primarily related to the lapse of the statute of limitations for uncertain tax positions established at the beginning of the fiscal year as well as tax positions added in fiscal 2010. The Company recognized interest accrued related to the unrecognized tax benefits and penalties as a component of the provision for income taxes recognized in the Consolidated Statements of Operations.

The reconciliation of the federal statutory rate to the effective income tax rate follows:

	244 Days Ended January 30, 2011 (Successor)	120 Days Ended May 31, 2010 (Predecessor)	Fiscal Year Ended January 31, 2010 (Predecessor)	Fiscal Year Ended February 1, 2009 (Predecessor)
Federal corporate statutory rate	35.0%	35.0%	35.0%	35.0%
State and local income taxes, net of federal income tax benefit	(8.6)%	2.6%	(545.7)%	(13.5)%
Foreign taxes	(0.9)%	(1.4)%	(129.5)%	(8.6)%
Nondeductible expenses	(22.4)%	(10.6)%	(327.4)%	49.7%
Tax credits	18.4%	29.8%	941.0%	(141.0)%

Valuation allowance	(2.2)%	(26.3)%	(331.0)%	67.8%
Change in reserve	16.9%	2.7%	(100.7)%	13.9%
Other	(3.0)%	(10.0)%	418.9%	(6.2)%
Effective tax rate	33.2%	21.8%	(39.4)%	(2.9)%

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Note 10: Leases

We lease certain property and equipment under various non-cancelable capital and operating leases. Some of the leases include options for renewal or extension on various terms. Most of the leases require us to pay property taxes, insurance and maintenance of the leased assets. Certain leases also have provisions for additional percentage rentals based on revenues. For the 244 days ended January 30, 2011 (Successor) and the 120 days ended May 31, 2010 (Predecessor), rent expense for operating leases was $30,502 and $15,140, respectively, including contingent rentals of $1,358 and $945, respectively. For fiscal 2009 and 2008, rent expense for operating leases was $44,143, and $41,771, respectively, including contingent rentals of $1,475 and $707, respectively. At January 30, 2011 future minimum lease payments, including any periods covered by renewal options we are reasonably assured of exercising (including the sale/leaseback transactions described below), are:

2011	2012	2013	2014	2015	Thereafter	Total
$47,292	$48,174	$47,417	$47,057	$45,575	$261,201	$496,716

The above amounts include lease commitments related to our Nashville store which has been closed due to damage sustained during the May 2010 floods (see Note 5). Rent payments for this store have been suspended by our landlord until the store re-opens. Lease obligation related to our Nashville store from January 30, 2011 through May 9, 2015 included in the table above are $1,038 in Year 1 through Year 4 and $346 in Year 5.

We have also signed lease agreements for certain future sites. Our commitments under these agreements are contingent upon among other things, the landlord s delivery of access to the premises for construction. Future obligations related to these agreements are not included in the table above.

During 2000 and 2001, we completed the sale/leaseback of three stores and the corporate headquarters. Cash proceeds of $24,774 were received along with twenty-year notes aggregating $6,750. The notes bear interest of 7% to 7.5%. At the end of fiscal years 2010, 2009 and 2008, the aggregate balance of the notes receivable due from the lessors under the sale/leaseback agreements was $3,696, $3,908, and $4,105, respectively. Future minimum principal and interest payments due to us under these notes are as follows:

2011	2012	2013	2014	2015	Thereafter	Total
$489	$529	$489	$489	$448	$2,932	$5,376

Note 11: Common Stock

Stock Option Plans-Successor

In June 2010 the members of our Board of Directors approved the granting of nonqualified stock options to members of our management and outside board members pursuant the terms of the Dave & Buster s Parent, Inc. 2010 Management Incentive Plan (2010 Parent Co. Incentive Plan). Each grantee received (i) time vesting options, which vest ratably on the first through fifth anniversary of the date of grant and (ii) performance vesting options which include EBITDA vesting options which vest over a five year period based on our meeting certain profitability targets for each fiscal year and internal rate of return (IRR) vesting options which shall vest upon a change in control of Entertainment Co. if Oak Hill s IRR is greater than or equal to certain percentages set forth in the applicable option

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agreement, in each case subject to the grantees continued employment with or service to Entertainment Co. or its subsidiaries (subject to certain conditions in the event of grantee termination.) Options granted under our 2010 incentive plan terminate on the ten-year anniversary of the grants.

The various options provided for in the Stock Option Plan are as follows:

Service-based options

These options contain a service-based (or time-based) vesting provision, whereby the options will vest in five equal amounts. Upon sale of the Company or completion of the initial public offering, all service-based options will fully vest.

Performance-based options

These options contain various performance-based vesting provisions depending on the type of performance option granted. Adjusted EBITDA vesting options vest over a five year period based on Entertainment Co. meeting certain profitability targets for each fiscal year. EBITDA vesting options also vest upon an Entertainment Co. change of control provided that prescribed Oak Hill IRR conditions are met. IRR vesting options vest upon a change in control of Entertainment Co. if Oak Hill s IRR is greater than or equal to certain percentages set forth in the applicable option agreement. Vesting of options in each case is subject to the grantee s continued employment with or service to Entertainment Co. or its subsidiaries (subject to certain conditions in the event of grantee termination) as of the vesting date. Any options that have not vested prior to a change of control or do not vest in connection with a change of control will be forfeited by the grantee upon a change of control for no consideration.

Transactions during the 244 days ended January 30, 2011 under the 2010 Parent Co. Incentive Plan were as follows:

	Service based options		Performance based options	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding at beginning of year		$ 0.00		$ 0.00
Granted	7,287	1,000.00	14,573	1,000.00
Forfeited	47	1,000.00	93	1,000.00
Options outstanding at end of year	7,240	1,000.00	14,480	1,000.00
Options exercisable at end of year	0.00	n/a	0.00	n/a

We recorded share-based compensation expense related to our stock option plan of $794 during the 244 days ended January 30, 2011. The unrecognized expense related to our stock option plan totaled approximately $2,129 as of January 30, 2011 and will be expensed over a weighted average 2.1 years. The weighted average grant date fair value per option granted in 2010 was $143. The average remaining term for all options outstanding at January 30, 2011 is 9.3 years.

In the event that vesting of the unvested options is accelerated for any reason, the remaining unamortized share-based compensation would be accelerated. In addition, assumptions made

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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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regarding forfeitures in determining the remaining unamortized share-based compensation would be re-evaluated to determine if additional share-based compensation expense would be required for any changes in the underlying assumptions.

Stock Option Plans-Predecessor

In December 2006, the members of the Board of Directors of D&B Holdings approved the adoption of the D&B Holdings stock option plan (the Predecessor Stock Option Plan). The Predecessor Stock Option Plan provided for the granting to certain of Dave & Buster s, Inc. s employees and consultants options to acquire stock in D&B Holdings that are subject to either time-based vesting or performance-based vesting. On the closing date of the Acquisition described in Note 3 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.

The Predecessor Stock Option Plan provided for the granting of various options as follows:

Time-based Options

These options contained a service-based (or time-based) vesting provision, whereby the options will vest in five equal amounts. Upon sale of the Company all service-based options fully vested.

Performance-based Options

These options contained a performance-based vesting provision, whereby the options would vest if Wellspring s internal rate of return is greater than or equal to certain percentages set forth in the applicable option agreement, in each case subject to the grantees continued employment with or service to D&B Holdings or its subsidiaries (subject to certain conditions in the event of grantee termination).

We recorded share-based compensation expense related to our stock option plan of $1,697, $723, and $880 in the 120 day period ended May 31, 2010, fiscal year 2009, and fiscal year 2008, respectively, related to this plan. The expense recorded in the 2010 Predecessor time period includes $1,317 of expense related to the acceleration of option vesting as a result of the Acquisition described in Note 3.

Note 12: Employee Benefit Plan

We sponsor a plan to provide retirement benefits under the provisions of Section 401(k) of the Internal Revenue Code (the 401(k) Plan) for all employees who have completed a specified term of service. Our contributions may range from 0% to 100% of employee contributions, up to a maximum of 6% of eligible employee compensation, as defined by the 401(k) Plan. Employees may elect to contribute up to 50% of their eligible compensation on a pretax basis. Benefits under the 401(k) Plan are limited to the assets of the 401(k) Plan. Our contributions to the 401(k) plan were $153, $260, and $283 for fiscal 2010, 2009, and 2008, respectively.

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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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Note 13: Contingencies

Under a previously disclosed settlement with the Federal Trade Commission (FTC), we are required to establish, implement, and maintain a comprehensive information security program that is reasonably designed to protect the security, confidentiality, and integrity of personal information collected from or about consumers. This information security program contains administrative, technical, and physical safeguards designed to (a) identify material internal and external risks to the security, confidentiality, and integrity of personal information that could result in the unauthorized disclosure, misuse, loss, alteration, destruction, or other compromise of such information, (b) control the identified risks, and (c) ensure that our third-party service providers are capable of appropriately safeguarding personal information they receive from us. As part of the information security program, for a ten-year period, we obtain biennial assessments and reports from an independent auditor that set out the safeguards implemented and maintained by us, and explain how such safeguards meet or exceed the protections required by the terms of the Order. The Order is binding upon us for twenty years. The Order does not require us to pay any fines or other monetary assessments and we do not believe that the terms of the Order will have a material adverse effect on our business, operations, or financial performance.

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 such legal proceedings and claims will not materially affect the consolidated results of our operations or our financial condition.

We lease certain property and equipment under various non-cancelable operating leases. Some of the leases include options for renewal or extension on various terms. Most of the leases require us to pay property taxes, insurance, and maintenance of the leased assets. Certain leases also have provisions for additional percentage rentals based on revenues.

Note 14: Condensed Consolidating Financial Information

The Dave & Buster s, Inc. senior notes are guaranteed on a senior basis by all its domestic subsidiaries. The subsidiaries guarantee of the senior notes are full and unconditional and joint and several.

The accompanying condensed consolidating financial information has been prepared and presented pursuant to SEC Regulation S-X Rule 3-10 Financial statements of guarantors and issuers of guaranteed securities registered or being registered. No other condensed consolidating financial statements are presented herein. The results of operations and cash flows from operating activities from the non-guarantor subsidiary were $(135) and $(1,874), respectively, for the fiscal year ended January 30, 2011 and $(468) and $701, respectively for the fiscal year ended January 31, 2010. There are no restrictions on cash distributions from the non-guarantor subsidiary.

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January 30, 2011:

(Successor)

	Issuer and Guarantor Subsidiaries of Dave & Buster s, Inc. senior notes	Non-Guarantor entities of Dave & Buster s, Inc senior notes(1)	Consolidating Adjustments	Consolidated Entertainment Co.
Assets				
Current assets	$ 74,547	$ 2,144	$	$ 76,691
Property and equipment, net	299,372	5,447		304,819
Tradename	79,000			79,000
Goodwill	272,626			272,626
Investment in sub	4,000	239,841	(243,841)	
Other assets and deferred charges	31,328	78		31,406
Total assets	$ 760,873	$ 247,510	$ (243,841)	$ 764,542

	Issuer and Guarantor Subsidiaries of Dave & Buster s, Inc. senior notes	Non-Guarantor entities of Dave & Buster s, Inc. senior notes(1)	Consolidating Adjustments	Consolidated Entertainment Co.
Liabilities and stockholders equity				
Current liabilities	$ 78,232	$ 3,645	$	$ 81,877
Deferred income taxes	24,702			24,702
Deferred occupancy costs	58,993	24		59,017
Other liabilities	12,698			12,698
Long-term debt, less current installments	346,418			346,418
Stockholders equity	239,830	243,841	(243,841)	239,830
Total liabilities and stockholders equity	$ 760,873	$ 247,510	$ (243,841)	$ 764,542

January 31, 2010:

(Predecessor)

	Issuer and Subsidiary	Consolidating Adjustment	Consolidated Entertainment Co.

	Guarantors	Subsidiary Non-Guarantors(2)		
Assets				
Current assets	$ 44,692	$ 2,094	$	$ 46,786
Property and equipment, net	289,817	4,334		294,151
Tradename	63,000			63,000
Goodwill	65,857			65,857
Investment in sub	3,755		(3,755)	
Other assets and deferred charges	13,773	73		13,846
Total assets	$ 480,894	$ 6,501	$ (3,755)	$ 483,640

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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

	Issuer and Subsidiary Guarantors	Subsidiary Non-Guarantors(2)	Consolidating Adjustments	Consolidated Entertainment Co.
Liabilities and stockholders equity				
Current liabilities	$ 78,188	$ 2,520	$	$ 80,708
Deferred income taxes	11,493			11,493
Deferred occupancy costs	60,486	226		60,712
Other liabilities	11,667			11,667
Long-term debt, less current installments	226,414			226,414
Stockholders equity	92,646	3,755	(3,755)	92,646
Total liabilities and stockholders equity	$ 480,894	$ 6,501	$ (3,755)	$ 483,640

(1) Non-guarantor entities include the one non-domestic subsidiary of Dave & Buster s, Inc., Dave & Buster s Holdings, Inc. and Dave & Buster s Entertainment, Inc.

(2) Non-guarantor entities include the one non-domestic subsidiary of Dave & Busters, Inc. and Dave & Buster s Holdings, Inc.

Note 15: Earnings per share

The following table sets forth the computation of basic earnings per share:

	244 Days Ended January 30, 2011 (Successor)	120 Days Ended May 31, 2010 (Predecessor)	Fiscal Year Ended January 31, 2010 (Predecessor)	Fiscal Year Ended February 1, 2009 (Predecessor)
Net income (loss)	$ (5,157)	$ (2,138)	$ (350)	$ 1,615
Denominator for basic earnings per common share weighted average shares	244,748	108,100	108,100	108,100
Basic earnings (loss) per common share	$ (21.07)	$ (19.78)	$ (3.24)	$ 14.94

In the 244 days ended January 30, 2011, the 120 days ended May 31, 2010 and fiscal year ended January 31, 2010, options to purchase 7,240, 5,976, and 5,976 shares, respectively, were not included in the calculation of earnings per share as their effect would be antidilutive. In the fiscal year ended February 1, 2009, options to purchase 5,645 shares were included in the calculation of dilutive earnings per share.

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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

Note 16: Quarterly Financial Information (unaudited)

	Fiscal Year Ended January 30, 2011				
	First Quarter 5/2/2010 (Predecessor)	For the 29 Day Period from 5/3/10 to 5/31/10 (Predecessor)	For the 62 Day Period from 6/1/10 to 8/1/10 (Successor)	Third Quarter 10/31/2010 (Successor)	Fourth Quarter 1/30/2011 (Successor)
Total revenues	$ 141,575	$ 36,431	$ 91,485	$ 116,590	$ 135,458
Income (loss) before provision for income taxes	6,984	(9,719)	(6,055)	(9,485)	7,832
Net income (loss)	3,911	(6,049)	(3,430)	(6,228)	4,501

	Fiscal Year Ended January 31, 2010			
	First Quarter 5/3/2009 (Predecessor)	Second Quarter 8/2/2009 (Predecessor)	Third Quarter 11/1/2009 (Predecessor)	Fourth Quarter 1/31/2010 (Predecessor)
Total revenues	$ 138,426	$ 131,527	$ 117,185	$ 133,645
Income (loss) before provision for income taxes	7,502	(1,415)	(10,008)	3,670
Net income (loss)	5,167	63	(5,490)	(90)

During 2010, we opened two locations: Wauwatosa, Wisconsin in the first quarter and Roseville, California in the second quarter. During 2009, we opened three locations: Richmond, Virginia in the first quarter, Indianapolis, Indiana in the second quarter and Columbus, Ohio in the third quarter. Pre-opening costs incurred in fiscal 2010 were $1,189, $277, $371 and $452 in the first, second, third and fourth quarters, respectively. Pre-opening costs incurred in fiscal 2009 were $1,146, $1,052, $983, and $700 in the first, second, third and fourth quarters, respectively.

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DAVE & BUSTER S ENTERTAINMENT, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share amounts)

	May 1, 2011 (unaudited)	January 30, 2011 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 47,578	$ 34,407
Inventories	14,071	14,231
Prepaid expenses	8,785	9,609
Deferred income taxes	13,172	7,568
Income tax receivable	5,861	5,861
Other current assets	4,793	5,015
Total current assets	94,260	76,691
Property and equipment (net of $45,346 and $32,707, accumulated depreciation in 2011 and 2010, respectively)	300,051	304,819
Tradenames	79,000	79,000
Goodwill	272,359	272,626
Other assets and deferred charges	34,022	31,406
Total assets	$ 779,692	$ 764,542
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current installments of long-term debt (Note 5)	$ 1,500	$ 1,500
Accounts payable	17,761	18,694
Accrued liabilities (Note 4)	58,392	59,864
Income taxes payable	1,753	1,434
Deferred income taxes	1,121	385
Total current liabilities	80,527	81,877
Deferred income taxes	31,337	24,702
Deferred occupancy costs	58,531	59,017
Other liabilities	12,469	12,698
Long-term debt, less current installments, net of unamortized discount (Note 5)	448,028	346,418
Commitments and Contingencies (Note 8)		
Stockholders equity:		
Common stock, $0.01 par value; authorized, 500,000 shares, issued 148,685 and 245,598 shares as of May 1, 2011 and January 30, 2011, respectively	1	2
Paid-in capital	149,838	246,290
Treasury stock, 1,500 shares as of May 1, 2011 and January 30, 2011	(1,500)	(1,500)
Accumulated comprehensive income	440	195
Retained earnings (accumulated deficit)	21	(5,157)
Total stockholders equity	148,800	239,830
Total liabilities and stockholders equity	$ 779,692	$ 764,542

See accompanying notes to consolidated financial statements

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DAVE & BUSTER S ENTERTAINMENT, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands except share and per share amounts, unaudited)

	Thirteen Weeks Ended May 1, 2011 (Successor)	Thirteen Weeks Ended May 2, 2010 (Predecessor)
Food and beverage revenues	$ 74,262	$ 71,357
Amusement and other revenues	74,341	70,218
Total revenues	148,603	141,575
Cost of food and beverage	17,952	17,277
Cost of amusement and other	10,347	10,586
Total cost of products	28,299	27,863
Operating payroll and benefits	34,266	33,468
Other store operating expenses	45,105	45,605
General and administrative expenses	8,811	8,618
Depreciation and amortization expense	13,070	12,500
Pre-opening costs	740	1,189
Total operating costs	130,291	129,243
Operating income	18,312	12,332
Interest expense, net	10,657	5,348
Income before provision for income taxes	7,655	6,984
Provision for income taxes	2,477	3,073
Net income	$ 5,178	$ 3,911
Net income (loss) per share:		
Basic	$ 30.17	$ 36.18
Diluted	$ 29.93	$ 35.68
Weighted average shares used in per share calculations:		
Basic	171,630	108,100
Diluted	173,002	109,617

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DAVE & BUSTER S ENTERTAINMENT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands, unaudited)

	For the 13 weeks ended May 1, 2011 (Successor)	For the 13 weeks ended May 2, 2010 (Predecessor)
Cash flows from operating activities:		
Net income	$ 5,178	$ 3,911
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	13,070	12,501
Accretion of note discount	2,360	
Deferred income tax expense (benefit)	2,036	(1,627)
Loss on disposal of fixed assets	428	200
Stock-based compensation charges	360	251
Business interruption reimbursement (Note 3)	(1,013)	
Other, net	172	(37)
Changes in assets and liabilities:		
Inventories	160	(190)
Prepaid expenses	824	(2,169)
Income tax receivable		(987)
Other current assets	(580)	1,419
Other assets and deferred charges	86	(214)
Accounts payable	(933)	1,145
Accrued liabilities	(332)	(9,234)
Income taxes payable	272	4,535
Deferred occupancy costs	(481)	(308)
Other liabilities	(229)	249
Net cash provided by operating activities	21,378	9,445
Cash flows from investing activities:		
Capital expenditures	(8,330)	(6,988)
Insurance proceeds on Nashville property (Note 3)	798	
Proceeds from sales of property and equipment		3
Net cash used in investing activities	(7,532)	(6,985)
Cash flows from financing activities:		
Borrowings under senior discount notes, net of unamortized discount	100,000	
Debt issuance cost	(3,112)	
Repayments of senior secured credit facility	(750)	(125)
Proceeds from sale of common stock	75	
Purchase of common stock	(96,888)	
Net cash used in financing activities	(675)	(125)
Increase in cash and cash equivalents	13,171	2,335
Beginning cash and cash equivalents	34,407	16,682

Ending cash and cash equivalents	$	47,578	$	19,017
Supplemental disclosures of cash flow information:				
Cash paid for income taxes, net	$	3	$	1,173
Cash paid for interest and related debt fees, net of amounts capitalized	$	7,621	$	10,256

See accompanying notes to consolidated financial statements.

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DAVE & BUSTER S ENTERTAINMENT, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(in thousands, except share amounts, unaudited)

	Common Stock			Treasury Stock At Cost		Accumulated Other	Retained	
	Shares	Amount	Paid-In Capital	Shares	Amount	Comprehensive Income	Earnings (Deficit)	Total
Balance January 30, 2011	245,498	$ 2	$ 246,290	1,500	$ (1,500)	$ 195	$ (5,157)	$ 239,830
Net income							5,178	5,178
Unrealized foreign currency translation gain (net of tax)						245		245
Comprehensive loss								5,423
Stock-based compensation			360					360
Purchase of Common Stock (see Note 7)	(96,888)	(1)	(96,887)					(96,888)
Sale of Common Stock	75		75					75
Balance May 1, 2011	148,685	$ 1	$ 149,838	1,500	$ (1,500)	$ 440	$ 21	$ 148,800

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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts)

Note 1: Basis of Presentation

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, Oak Hill and together with their manager, Oak Hill Capital Management, LLC, Oak Hill Capital Partners) acquired all of the outstanding common stock (the Acquisition) of Dave & Buster s Holdings, Inc. (D&B Holdings) from Wellspring Capital Partners III, L.P. and HBK Main Street Investors L.P. 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, Oak Hill indirectly controls approximately 96% of our outstanding common stock and certain members of our Board of Directors and management control approximately 4% of our outstanding common stock. See Note 2 for further discussion of the Acquisition.

Dave & Buster s Entertainment, Inc. (Entertainment Co.) owns no other significant assets or operations other than the ownership of all the common stock of D&B Holdings. D&B Holdings owns no other significant assets or operations other than the ownership of all the common stock of Dave & Buster s, Inc. References to the Company , we , us , and our refers to Dave & Buster s Entertainment, Inc. and its subsidiaries a any predecessor companies. All material intercompany accounts and transactions have been eliminated in consolidation.

Our one industry segment is the operation and licensing of high-volume entertainment and dining venues under the names Dave & Buster s and Dave & Buster s Grand Sports Café. As of May 1, 2011, there were 57 company-owned locations in the United States and Canada and one franchise location in Canada. Our fiscal year ends on the Sunday after the Saturday closest to January 31.

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 the Predecessor s results in the historical financial statements. Operating results of Entertainment Co. 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.

Interim financial statements The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States for interim financial information as prescribed by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, these financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Operating results for the thirteen weeks ended May 1, 2011 are not necessarily indicative of results that may be expected for any other interim period or for the year ended January 29, 2012. Our quarterly financial data should be read in conjunction with our Annual Audited Consolidated Financial Statements for the year ended January 30, 2011 (including the notes thereto) as contained in our Annual Report.

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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

The financial statements include our accounts after elimination of all significant intercompany balances and transactions. All dollar amounts are presented in thousands, unless otherwise noted, except share amounts.

Significant accounting policies There were no significant changes to our critical accounting policies from those disclosed in our Annual Report for the year ended January 30, 2011.

Note 2: Acquisition of Dave & Buster s Holdings, Inc.

The Acquisition described in Note 1 resulted in a change in ownership of 100% of D&B Holdings and Dave & Buster s, Inc. outstanding common stock. The purchase price paid in the Acquisition has been pushed down to Dave & Buster s Inc. financial statements and is allocated to record the acquired assets and liabilities assumed based on their fair value.

Subsequent to completing the Company s financial statements for the year ended January 30, 2011, an adjustment was made to decrease goodwill by $267. The decrease to goodwill is due primarily to an increase in deferred tax assets as a result of finalization of income tax basis.

Note 3: Casualty loss

On May 2, 2010, flooding occurred in Nashville, Tennessee causing considerable damage to our Nashville store and the retail mall where our store is located. The store is covered by up to $25,000 in property and business interruption insurance subject to an overall deductible of one thousand dollars. We have initiated property insurance claims, including business interruption, with our insurers. We currently anticipate that this store will reopen during the fourth quarter of fiscal 2011.

As of May 1, 2011, the insurance receivable balance related to our Nashville property claim is $2,284 and is included in Other current assets in the Company s Consolidated Balance Sheet. This receivable represents our estimate of the carrying value of remaining net assets recoverable and reimbursement for flood cleanup expenses from our insurance policies based on the coverage in place and correspondence with our insurance carriers. Of the receivable balance, $1,650 relates to inventories and other property and equipment, while $634 relates to the anticipated proceeds for flood cleanup and other miscellaneous expenses.

As of January 30, 2011, the Company had deferred the recognition of $1,629 of payment received from our insurance carriers related to business interruption losses for fiscal 2011. $1,013 has been recognized as a reduction to Other store operating expenses in the 2011 Successor s Consolidated Statement of Operations. The balances of deferred business interruption proceeds are included in the caption Accrued liabilities in the Company s Consolidated Balance Sheet as it relates to estimated losses in future periods. The deferred insurance proceeds will be recognized during the applicable future periods.

During the first quarter of fiscal 2011, we received $798 proceeds, which represent an initial installment on certain insurance receivables related to leasehold improvements. All receivable amounts are expected to be collected. No gain or loss has been recognized related to the Nashville casualty in fiscal 2011.

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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

Note 4: Accrued Liabilities

Accrued liabilities consist of the following:

	May 1, 2011	January 30, 2011
Compensation and benefits	$ 8,118	$ 11,304
Interest	9,338	6,079
Deferred amusement revenue	10,415	9,966
Amusement redemption liability	5,011	4,842
Deferred gift card revenue	3,336	3,683
Sales and use taxes	2,617	2,625
Guest deposits	2,359	1,759
Property taxes	3,223	3,174
Rent	6,919	5,909
Other	7,056	10,523
Total accrued liabilities	$ 58,392	$ 59,864

Note 5: Long Term Debt

Long-term debt consisted of the following:

	May 1, 2011	January 30, 2011
Senior credit facility revolving	$	$
Senior credit facility term	148,500	149,250
Senior notes	200,000	200,000
Senior discount notes	180,790	
Total debt outstanding	529,290	349,250
Unamortized debt discount-senior notes	(1,270)	(1,332)
Unamortized debt discount-senior discount notes	(78,492)	
Less current installments	1,500	1,500
Long-term debt, less current installments, net of unamortized discount	$ 448,028	$ 346,418

Senior Credit Facility Our senior credit facility 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. 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

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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

Eurodollar rate (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.

The senior credit facility requires compliance with financial covenants including a minimum fixed charge coverage ratio test and a maximum leverage ratio test. Dave & Buster s, Inc. is required to maintain a minimum fixed charge coverage ratio of 1.05:1.00 and a maximum leverage ratio of 5.25:1.00 as of May 1, 2011. The financial covenants will become more restrictive through the fourth quarter of fiscal 2014. In addition, the senior secured credit facility includes negative covenants restricting or limiting, D&B Holdings, Dave & Buster s, Inc. and its subsidiaries ability to, among other things, incur additional indebtedness, pay dividends, make capital expenditures and sell or acquire assets. Virtually all of Dave & Buster s, Inc. s assets are pledged as collateral for the senior secured credit facility. The Company was in compliance with the debt covenants as of May 1, 2011.

Our senior secured credit facility also contains certain customary representations and warranties, affirmative covenants and events of default, including payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults and cross-acceleration to certain indebtedness, certain events of bankruptcy, certain events under the Employee Retirement Income Security Act of 1974 as amended from time to time (ERISA), material judgments, actual or asserted failures of any guarantee or security document supporting the senior secured credit facility to be in full force and effect and a change of control. If an event of default occurs, the lenders under the senior secured credit facility would be entitled to take various actions, including acceleration of amounts due under the senior secured credit facility and all other actions permitted to be taken by a secured creditor.

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.

Senior Notes The Dave & Buster s, Inc. senior notes are general unsecured, unsubordinated obligations of Dave & Buster s, Inc. and mature on June 1, 2018. Interest on the 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 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 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 senior notes had an approximate fair value of $219,250 based on quoted market price. Dave & Buster s, Inc. senior notes are considered to be Level 1 instruments as defined by GAAP.

The senior notes restrict Dave & Buster s, Inc. s ability to incur indebtedness, outside of the senior credit facility, unless the consolidated coverage ratio exceeds 2.00:1.00 or other financial and

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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

operational requirements are met. Additionally, the terms of the notes restrict Dave & Buster s, Inc. s ability to make certain payments to affiliated entities. The Company was in compliance with the debt covenants as of May 1, 2011.

Senior Discount Notes On February 22, 2011, Dave & Buster s Parent, Inc. (now known as Entertainment Co.) issued principal amount $180,790 of 12.25% Senior 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 senior 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, the Company may on any one or more occasions redeem up to 100.0% of the aggregate principal amount at maturity of the senior 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, the Company may on any one or more occasions redeem up to 40.0% of the aggregate principal amount at maturity of the senior 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, the Company may redeem all, or from time-to-time, a part of the senior 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 $102,298 senior discount notes had an approximate fair value of $99,573 based on quoted market prices of a similar instrument. The Company s senior discount notes are considered Level 2 instruments as defined by GAAP.

Entertainment Co. received net proceeds of $100,000, which we used to pay debt issuance costs and to repurchase a portion of the common stock owned by our stockholders. We did not retain any proceeds from the note issuance. Entertainment Co. is the sole obligor of the notes. D&B Holdings, Dave & Buster s, Inc. nor any of its subsidiaries are guarantors of these notes. However, neither D&B Holdings nor Entertainment Co. have any material assets or operations separate from Dave & Buster s, Inc.

The senior discount notes restrict the Company s ability to incur indebtedness, outside of the senior credit facility, unless the consolidated coverage ratio exceeds 2.00:1.00 or other financial and operational requirements are met. Additionally, the terms of the senior discount notes restrict the Company s ability to make certain payments to affiliated entities. The Company was in compliance with the debt covenants as of May 1, 2011.

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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

Future debt obligations The following table sets forth our future debt principal payment obligations as of May 1, 2011 (excluding repayment obligations under the revolving portion of our senior credit facility).

	Debt Outstanding at May 1, 2011
1 year or less	$ 1,500
2 years	1,500
3 years	1,500
4 years	1,500
5 years	182,290
Thereafter	341,000
Total future payments	$ 529,290

The following table sets forth our recorded interest expense, net:

	Thirteen Weeks Ended May 1, 2011 (Successor)	Thirteen Weeks Ended May 2, 2010 (Predecessor)
Gross interest expense	$ 10,891	$ 5,529
Capitalized interest	(163)	(110)
Interest income	(71)	(71)
Total interest expense, net	$ 10,657	$ 5,348

Note 6: Income Taxes

Entertainment Co. files a consolidated tax return with all its 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 also recognize liabilities for uncertain income tax positions for those items that meet the more likely than not threshold.

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

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. 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, $989 of unrecognized tax benefits, if recognized, would impact the effective tax rate.

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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

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. These attributes were measured and recorded as deferred tax assets based on fair value adjustments as a result of the Acquisition and the application of business combination accounting.

Note 7: Stockholders Equity

Comprehensive income Comprehensive income consists of net income and other gains and losses affecting stockholders equity that are excluded from net income. Comprehensive income consisted of (in thousands):

	Thirteen Weeks Ended May 1, 2011 (Successor)	Thirteen Weeks Ended May 2, 2010 (Predecessor)
Net income	$ 5,178	$ 3,911
Unrealized foreign currency translation gain	245	196
Total comprehensive income	$ 5,423	$ 4,107

Other information On September 30, 2010, we purchased $1,500 of our common stock from a former member of management, of which $1,000 was paid prior to May 1, 2011. We have accrued $500 for the remaining purchase price.

On February 25, 2011, we used a portion of the net proceeds we received from the issuance of the senior discount notes discussed in Note 5 to repurchase a portion of our outstanding common stock from certain of our stockholders.

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 of $75, the value based on an independent third party valuation prepared as of January 30, 2011.

Subsequent to the transactions described above, Oak Hill controls approximately 95.6% and certain members of our Board of Directors and management control approximately 4.4% of our outstanding common stock.

Note 8: Commitments and Contingencies

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 such legal proceedings and claims will not materially affect the consolidated results of our operations or our financial condition.

We lease certain property and equipment under various non-cancelable operating leases. Some of the leases include options for renewal or extension on various terms. Most of the leases require us to pay property taxes, insurance, and maintenance of the leased assets. Certain leases also have provisions for additional percentage rentals based on revenues.

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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

The following table sets forth our lease commitments as of May 1, 2011:

	Operating Lease Obligations at May 1, 2011
1 year or less	$ 47,332
2 years	48,823
3 years	48,276
4 years	47,433
5 years	46,586
Thereafter	259,817
Total future payments	$ 498,267

The above amounts include lease commitments related to our Nashville store, which has been closed due to damage sustained during the May 2010 floods (see Note 3). Rent payments for this store have been suspended by our landlord until the store re-opens. Lease obligations related to our Nashville store from May 1, 2011 through May 9, 2015 included in the table above are $433 in Year 1, $1,038 in Year 2 through Year 5 and $606 thereafter.

We have also signed lease agreements for certain future sites. Our commitments under these agreements are contingent upon among other things, the landlord s delivery of access to the premises for construction. Future obligations related to these agreements are not included in the table above.

Note 9: Condensed Consolidating Financial Information

The senior notes (described in Note 5) are guaranteed on a senior basis by all domestic subsidiaries of Dave & Buster s, Inc. The subsidiaries guarantee of the senior notes are full and unconditional and joint and several. Neither Entertainment Co. nor D&B Holdings are guarantors of the senior notes.

The accompanying condensed consolidating financial information has been prepared and presented pursuant to SEC Regulation S-X Rule 3-10 Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered. No other condensed consolidating financial statements are presented herein. The results of operations and cash flows from operating activities from the non-guarantor subsidiary of the senior notes were $63 and $1,293, respectively, for the thirteen-week period ended May 1, 2011. There are no restrictions on cash distributions from the non-guarantor subsidiary.

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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

May 1, 2011:

	Issuer and Guarantor Subsidiaries of Dave & Buster s, Inc. senior notes	Non-Guarantor entities of Dave & Buster s, Inc. senior notes(1)	Consolidating Adjustments	Consolidated Entertainment Co.
Assets:				
Current assets	$ 90,189	$ 4,071	$	$ 94,260
Property and equipment, net	294,498	5,553		300,051
Tradename	79,000			79,000
Goodwill	272,359			272,359
Investment in sub	4,170	246,059	(250,229)	
Other assets and deferred charges	30,943	3,079		34,022
Total assets	$ 771,159	$ 258,762	$ (250,229)	$ 779,692

	Issuer and Guarantor Subsidiaries of Dave & Buster s, Inc. senior notes	Non-Guarantor entities of Dave & Buster s, Inc. senior notes(1)	Consolidating Adjustments	Consolidated Entertainment Co.
Liabilities and stockholders equity:				
Current liabilities	$ 75,975	$ 5,052	$ (500)	$ 80,527
Deferred income taxes	31,337			31,337
Deferred occupancy costs	58,495	36		58,531
Other liabilities	12,469			12,469
Long-term debt, less current installments, net of unamortized discount (Note 5)	345,730	102,298		448,028
Stockholders equity	247,153	151,376	(249,729)	148,800
Total liabilities and stockholders equity	$ 771,159	$ 258,762	$ (250,229)	$ 779,692

January 30, 2011:

	Issuer and Guarantor Subsidiaries of Dave & Buster s, Inc. senior notes	Non-Guarantor entities of Dave & Buster s, Inc. senior notes(1)	Consolidating Adjustments	Consolidated Entertainment Co.
Assets:				

Current assets	$	74,547	$	2,144	$		$	76,691
Property and equipment, net		299,372		5,447				304,819
Tradename		79,000						79,000
Goodwill		272,626						272,626
Investment in sub		4,000		239,841		(243,841)		
Other assets and deferred charges		31,328		78				31,406
Total assets	$	760,873	$	247,510	$	(243,841)	$	764,542

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DAVE & BUSTER S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(in thousands, except share and per share amounts)

	Issuer and Guarantor Subsidiaries of Dave & Buster s, Inc. senior notes	Non-Guarantor entities of Dave & Buster s, Inc. senior notes(1)	Consolidating Adjustments	Consolidated Entertainment Co.
Liabilities and stockholders equity:				
Current liabilities	$ 78,232	$ 3,645	$	$ 81,877
Deferred income taxes	24,702			24,702
Deferred occupancy costs	58,993	24		59,017
Other liabilities	12,698			12,698
Long-term debt, less current installments				
(Note 5)	346,418			346,418
Stockholders equity	239,830	243,841	(243,841)	239,830
Total liabilities and stockholders equity	$ 760,873	$ 247,510	$ (243,841)	$ 764,542

(1) Non-guarantor entities include the one non-domestic subsidiary of Dave & Buster s, Inc., Dave & Buster s Holdings, Inc. and Dave & Buster s Entertainment, Inc.

Note 10: Earnings per share

The following table sets forth the computation of basic earnings per share:

	Thirteen Weeks Ended May 1, 2011 (Successor)	Thirteen Weeks Ended May 2, 2010 (Predecessor)
Net income (loss)	$ 5,178	$ 3,911
Denominator for basic earnings per common share weighted average shares	171,630	108,100
Basic earnings (loss) per common share	$ 30.17	$ 36.18

In the thirteen weeks ended May 1, 2011 and May 2, 2010, options to purchase 5,178, and 5,465 shares, respectively, were included in the calculation of dilutive earnings per share.

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Shares

Dave & Buster s Entertainment, Inc.

Common Stock

Goldman, Sachs & Co.

Jefferies

Piper Jaffray

Raymond James

RBC Capital Markets

Until , 2011, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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Part II

Information Not Required in Prospectus

Item 13. Other expenses of issuance and distribution.

The expenses, other than underwriting commissions, expected to be incurred by Dave & Buster s Entertainment, Inc. (the Registrant) in connection with the issuance and distribution of the securities being registered under this Registration Statement are estimated to be as follows:

Securities and Exchange Commission Registration Fee	$ 17,415
Financial Industry Regulatory Authority, Inc. Filing fee	15,500
Listing Fee	*
Printing and Engraving	*
Legal Fees and Expenses	*
Accounting Fees and Expenses	*
Blue Sky Fees and Expenses	*
Transfer Agent and Registrar Fees	*
Miscellaneous	*
Total	$ *

* To be provided by amendment.

Item 14. Indemnification of directors and officers.

Section 145 of the Delaware General Corporation Law, or DGCL, provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys fees)), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Section 145 further provides that a corporation similarly may indemnify any such person serving in any such capacity who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney s fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or such other court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

The Registrant s Bylaws authorize the indemnification of our officers and directors, consistent with Section 145 of the DGCL, as amended. The Registrant intends to enter into indemnification

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agreements with each of its directors and executive officers. These agreements, among other things, will require the Registrant to indemnify each director and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys fees, judgments, fines and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person s services as a director or executive officer.

Reference is made to Section 102(b)(7) of the DGCL which enables a corporation in its original certificate of incorporation or an amendment thereto to eliminate or limit the personal liability of a director for violations of the director s fiduciary duty, except (i) for any breach of the director s duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the DGCL, which provides for liability of directors for unlawful payments of dividends of unlawful stock purchase or redemptions or (iv) for any transaction from which a director derived an improper personal benefit.

Reference is also made to Section 145 of the DGCL, which provides that a corporation may indemnify any person, including an officer or director, who is, or is threatened to be made, party to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of such corporation, by reason of the fact that such person was an officer, director, employee or agent of such corporation or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such officer, director, employee or agent acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the corporation s best interest and, for criminal proceedings, had no reasonable cause to believe that his conduct was unlawful. A Delaware corporation may indemnify any officer or director in an action by or in the right of the corporation under the same conditions, except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him against the expenses that such officer or director actually and reasonably incurred.

The Registrant expects to maintain standard policies of insurance that provide coverage (i) to its directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act and (ii) to the Registrant with respect to indemnification payments that it may make to such directors and officers.

The proposed form of Underwriting Agreement to be filed as Exhibit 1.1 to this Registration Statement provides for indemnification to the Registrant s directors and officers by the underwriters against certain liabilities.

Item 15. Recent sales of unregistered securities.

On February 22, 2011, we issued $180,790,000 aggregate principal amount at maturity of 12.25% senior discount notes. J.P. Morgan Securities LLC and Jefferies & Company, Inc. served as initial purchasers of the notes, and the notes were offered to qualified institutional buyers. The notes will mature on February 15, 2016. No cash interest will accrue on the notes prior to maturity. We received net proceeds of $100,000,373, 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.

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On March 23, 2011 we sold to a member of management 75 newly issued shares of our common stock for an aggregate sale price equal to $75,000, the value based on an independent third party valuation prepared as of January 31, 2011.

Each of these transactions was exempt from registration pursuant to Section 4(2) of the Securities Act, as it was a transaction by an issuer that did not involve a public offering of securities. The recipients of securities in each such transactions represented their intention to acquire the securities for investment only and not with a view to any distribution thereof. Appropriate legends were affixed to the share certificates and other instruments issued in such transactions. All recipients were given the opportunity to ask questions and receive answers from representatives of the registrant concerning the business and financial affairs of the registrant.

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Item 16. Exhibits and financial statement schedules.

Exhibit Number	Description of Exhibits
1.1*	Form of Underwriting Agreement
3.1*	Second Amended and Restated Certificate of Incorporation of the Registrant
3.2*	Second Amended and Restated Bylaws of the Registrant
4.1*	Form of Stock Certificate
4.2	Indenture dated as of June 1, 2010 among Dave & Buster s, Inc., the Guarantors as defined therein and Wells Fargo National Association, as Trustee
4.3	Form of 11% Senior Notes due 2018 (included in Exhibit 4.2)
4.4	Indenture dated as of February 22, 2011 between Dave & Buster s Parent, Inc. and Wells Fargo National Association, as Trustee
4.5	Form of 12.25% Senior Discount Notes due 2016 (included in Exhibit 4.4)
4.6	Stockholder Agreement dated as of June 1, 2010, among Dave & Buster s Parent, Inc., Oak Hill Capital Partners III, L.P., Oak Hill Capital Management Partners III, L.P. and the additional stockholders named therein
5.1*	Opinion of Weil, Gotshal & Manges LLP
10.1	Credit Agreement dated as of June 1, 2010, among Games Intermediate Merger Corp., Games Merger Corp., 6131646 Canada, Inc. and the several banks and other financial institutions or entities from time to time parties thereto
10.2	First Amendment, dated as of May 13, 2011, to the Credit Agreement, dated as of June 1, 2010, among Dave & Buster s Holdings, Inc., Dave & Buster s, Inc., 6131646 Canada, Inc. and the several banks and other financial institutions or entities from time to time parties thereto
10.3	Form of Amended and Restated Employment Agreement, dated as of May 2, 2010, by and among Dave & Buster s Management Corporation, Dave & Buster s, Inc., and the various executive officers of Dave & Buster s, Inc.
10.4	Dave & Buster s Parent, Inc. 2010 Management Incentive Plan
10.5	Amendment No. 1 to the Dave & Buster s Parent, Inc. 2010 Management Incentive Plan
10.6	Expense Reimbursement Agreement, dated as of June 1, 2010, by and between Dave & Buster s, Inc. and Oak Hill Capital Management LLC
16.1	Letter from Ernst & Young, LLP regarding statements made in the registration statement concerning its dismissal
21.1	List of subsidiaries of the Registrant
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm
23.2	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
23.3*	Consent of Weil, Gotshal & Manges LLP (included in the opinion filed as Exhibit 5.1 hereto)
24.1	Power of Attorney of Stephen M. King
24.2	Power of Attorney of Brian A. Jenkins
24.3	Power of Attorney of Michael J. Metzinger
24.4	Power of Attorney of Tyler J. Wolfram
24.5	Power of Attorney of Michael S. Green
24.6	Power of Attorney of Kevin M. Mailender
24.7	Power of Attorney of Alan J. Lacy
24.8	Power of Attorney of David A. Jones

* To be filed by amendment.
Previously filed.

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Financial Statement Schedules

None.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions referenced in Item 14 of this registration statement, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

For the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

i. Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

ii. Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

iii. The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

iv. Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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Signatures

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dallas, State of Texas, on the 24th day of August, 2011.

DAVE & BUSTER S ENTERTAINMENT, INC.

By: /s/ Stephen M. King
Name: Stephen M. King
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed below by the following persons in the capacities indicated on the 24th of August, 2011.

Signature	Title
/s/ Stephen M. King	Chief Executive Officer and
Stephen M. King	Director
*	Senior Vice President and
Brian A. Jenkins	Chief Financial Officer
*	Vice President Accounting
Michael J. Metzinger	and Controller
*	Chairman of the Board of Directors
Tyler J. Wolfram	
*	Director
Michael S. Green	
*	Director
Kevin M. Mailender	
*	Director
Alan J. Lacy	
*	Director
David A. Jones	

*By: /s/ Stephen M. King
Attorney-in-fact

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