

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended February 4, 2001

Commission File No. 0-25858

DAVE & BUSTER'S, INC.

(Exact name of registrant as specified in its charter)

Missouri  
(State or other jurisdiction of  
incorporation or organization)

43-1532756  
(I.R.S. employer  
identification number)

2481 Manana Drive, Dallas, Texas  
(Address of principal executive offices)

75220  
(Zip Code)

Registrant's telephone number,  
Including area code (214) 357-9588

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class  
-----

Common Stock, \$0.01 par value

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. \_\_\_\_\_

The aggregate market value of the voting stock held by persons other than directors and officers of registrant (who might be deemed to be affiliates of registrant) at April 16, 2001 was \$92,254,351.

The number of shares of common stock outstanding at April 16, 2001 was 12,953,375 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement dated May 4, 2001, for its annual meeting of Stockholders on June 14, 2001, are incorporated by reference into Part III hereof, to the extent indicated herein.

PART I

Item 1. BUSINESS

General

Dave & Buster's, Inc. (the "Company") operates large format, high-volume Restaurant/Entertainment Complexes ("Complexes" or "Stores") under the Dave & Buster's name. Each Dave & Buster's Complex offers a full menu of high quality food and beverage items combined with an extensive array of entertainment attractions such as pocket billiards, shuffleboard, state-of-the-art interactive simulators and virtual reality systems, and traditional carnival-style games of skill. The Company's large format is designed to promote easy access to, and maximize customer crossover between, the multiple dining and entertainment areas within each Complex. The Company emphasizes high levels of customer service to create casual, yet sophisticated, "ideal playing conditions" for adults. As of February 4, 2001, the Company had 27 stores across the continental United States. Additionally, the Company licenses the Dave & Buster's concept internationally through area licensing agreements and as of February 4, 2001, there were two Dave & Buster's operating overseas.

#### The Dave & Buster's Concept

The Company seeks to differentiate itself by providing high quality dining, bar service, and entertainment attractions in a comfortable, adult atmosphere. The key factors of the Company's market positioning and operating strategy are:

**Distinctive Concept.** Each Dave & Buster's offers a distinctive combination of dining, bar service and entertainment. A full menu and complete bar service are available from early lunch until late night in each restaurant and throughout almost all of the entertainment areas. The broad array of attractions, ranging from table and carnival games to state-of-the-art virtual reality games, is continuously reviewed and updated to maintain a fresh entertainment environment. The Company also actively seeks to enhance the popularity of its traditional games, such as pocket billiards and shuffleboard, by providing high quality tables, a clean and comfortable environment and a high standard of service.

**A Large, Multiple Attraction Destination.** The Complexes range in approximate total area from 30,000 square feet to 70,000 square feet. The large scale of each operation, together with the numerous food, beverage and entertainment options offered, is designed to attract a diverse customer base and consolidate multiple-destination customer spending into one location. Each Dave & Buster's attracts local customers from a wide geographical area (estimated to be a twenty-mile radius) along with tourists, conventioners and business travelers.

**Commitment to Quality.** The Company strives to provide its customers with good food and an inviting atmosphere. Accordingly, each Dave & Buster's offers an extensive menu which features popular, moderately priced food and beverage items that are individually prepared with a commitment to value and quality. The Company makes a significant investment in each Complex, and the Company's facilities are designed with an attention to detail. In addition, the customer-participation entertainment attractions are tastefully presented in an atmosphere that the Company defines as "ideal playing conditions".

2

3

**High Standard of Customer Service.** Through intensive personnel training, constant monitoring of operations and stringent operational controls, the Company strives to maintain a consistently high standard of food, beverage, and amusement service throughout each Complex. The Company's commitment to customer service is evidenced by the availability of full food and beverage service in entertainment areas as well as the restaurant and bar areas.

With respect to entertainment, the Company's commitment to customer service is demonstrated by service staff in each of the entertainment areas who offer assistance in playing and enjoying the games. The Company believes its customer service is enhanced by a strong commitment to employee motivation and appreciation programs. The Company also believes that high service standards are critical to promoting customer loyalty and to generating frequent-visiting patterns and referrals by customers.

**Comfortable Adult Atmosphere.** Each Dave & Buster's is primarily adult oriented and, while children are welcome, strict guidelines are enforced.

Customers under twenty-one years of age must be accompanied by a parent or guardian (a person 25 years of age or older who agrees to be responsible for the conduct and safety of the underage guest) at all times during their visit and are not allowed in a Dave & Buster's after 10:00 p.m. (11:00 p.m. in the summer months). The Company believes that these policies help maintain the type of pleasant, relaxed atmosphere that appeals to adult customers. The Company also believes that this atmosphere attracts groups of customers such as private parties and business organizations.

Integrated Systems. The Company utilizes centralized information and accounting systems that are designed to allow its management to efficiently monitor labor, food, and other direct operating expenses, and to provide timely access to financial and operating data. Management believes that its integrated computer systems permit it, on both an overall and per Complex basis, to efficiently operate the Restaurant/Entertainment Complexes.

Attractive Venue for Special Events. Each Dave & Buster's offers Special Events Planning for companies and private individuals. The varied menu and many amusement opportunities make Dave & Buster's attractive locations for groups of between 10 and 2,000. In addition, most Dave & Buster's include a Show Room with a stage, audio visual capability and private refreshment area. Dave & Buster's has developed innovative packages that combine food, beverage and entertainment components and markets these to groups and individuals.

#### Restaurant/Entertainment Concept and Menu

Dave & Buster's offers a full menu of high quality food and beverage items combined with an extensive array of entertainment attractions such as pocket billiards, shuffleboard, state-of-the-art interactive simulators and virtual reality systems, and traditional carnival-style games of skill. The Company's facilities are designed to promote easy access to, and maximize customer crossover between, the multiple dining and entertainment areas within each Complex. The Company emphasizes high levels of customer service to create casual, yet sophisticated, "ideal playing conditions" for adults.

The Dave & Buster's menu is offered from early lunch until late night and features moderately priced food designed to appeal to a wide variety of customers. This well-rounded fare includes gourmet pastas, individual sized pizzas, burgers, steaks, seafood and chicken. The menu is regularly updated to reflect current dining trends and incorporates "house specials" such as barbecued ribs, blackened chicken pasta, mesquite-peppered rib eye steak, and a Philadelphia cheesesteak sandwich. A wide variety of other appetizers, soups, salads, sandwiches and desserts is also available. Entree and sandwich prices range from \$5.95 to \$16.95, with many main menu items in the \$6.95 to \$12.95 price range. In order to promote customer flow and complement the

entertainment areas, full, sit-down food service is offered not only in the restaurant areas, but throughout the entire Complex. In addition, throughout the restaurant and entertainment areas each Dave & Buster's offers full bar service including over 50 different beers, an extensive wine selection, and a variety of non-alcoholic beverages such as its own private label, "D&B Old Fashioned Philly Root Beer".

The entertainment attractions in each Dave & Buster's are geared toward customer participation and offer both traditional entertainment and "Million Dollar Midway" entertainment.

Traditional Entertainment. Each Dave & Buster's offers a number of traditional entertainment options. These traditional offerings include "world class" pocket billiards, "championship-style" shuffleboard tables, and the Show Room which is designed for hosting private social parties and business gatherings as well as Company sponsored events. Traditional entertainment games are rented by the hour.

Million Dollar Midway Games. The largest area in each Dave & Buster's is the Million Dollar Midway which is designed to provide high-energy,

escapism entertainment through a broad selection of electronic, skill and sports-oriented games. The Dave & Buster's Power Card activates all the midway games (with the exception of coin action games) and can be recharged for additional play. The Power Card enables customers to activate games more easily and encourages extended play of games. By replacing coin activation, the Power Card has eliminated the technical difficulties and maintenance issues associated with coin activated equipment. Furthermore, the Power Card feature has increased the Company's flexibility in pricing and promoting of games.

Attractions within the Million Dollar Midway include fantasy/high technology and classic midway entertainment. Fantasy/high-technology offerings include simulator games such as formula race cars, off-road vehicles, fighter jets and motorcycles; Galaxian Theater, a multi-participant, enclosed simulation theater where up to six players take part in mock battles with alien invaders; Virtuality, an interactive, electronic game designed to simulate an actual battlefield environment; Virtual World, a fantasy environment attraction; Iwerks Turbo Ride Theater, a 16 to 18 seat motion simulation theater; large-screen interactive electronic games; and "The 19th Hole", a state-of-the-art golf simulator. The Company also contracts for exclusive games designed to build customer loyalty and repeat customer visits.

Classic midway entertainment includes sports-oriented games of skill; carnival-style games, which are intended to replicate the atmosphere found in many local county fairs; and D&B Downs which is one of several multiple-player race games offered in each Dave & Buster's. At the Winner's Circle, players can redeem coupons won from selected games of skill for a wide variety of prizes, many of which display the Dave & Buster's logo. The prizes include stuffed animals, clothing, and small electronic and novelty items.

The Company continually evaluates ways to expand its customer base. As an example, in early 2001, the Company will begin offering certain of its redemption games via the internet on its website [www.daveandbusters.com](http://www.daveandbusters.com). Customers will be able to play certain redemption games on-line and win coupons that are redeemable for prizes either on the internet or a Dave & Buster's location.

Locations

At February 4, 2001, the Company operated a total of 27 locations in 13 states, which included:

Location -----	State -----	Approximate Square Footage -----
Dallas (I)	TX	40,000
Dallas (II)	TX	31,000
Houston	TX	53,000
Atlanta (I)	GA	53,000
Philadelphia	PA	70,000
Chicago (I)	IL	50,000
Chicago (II)	IL	55,000
Hollywood	FL	58,000
North Bethesda	MD	58,000
Ontario	CA	59,000
Cincinnati	OH	64,000
Denver	CO	48,000
Utica (suburban Detroit)	MI	56,000
Irvine	CA	55,000
Rockland County	NY	48,000
Orange	CA	58,000
Columbus	OH	37,500
San Antonio	TX	52,000
Atlanta (II)	GA	58,000
St. Louis	MO	57,000

Austin	TX	40,000
Jacksonville	FL	40,500
Providence	RI	40,500
Milpitas (San Jose)	CA	60,000
Westminster (Denver)	CO	40,000
Pittsburgh	PA	60,000
San Diego	CA	48,000

#### Business Development

The Company continually seeks to identify and evaluate new locations for expansion. The Company's goal is to open four Complexes in fiscal years 2001 and 2002, respectively. The Company will open Complexes in 2001 as follows:

Location	State	Approximate Square Footage	Development Status
-----	-----	-----	-----
Miami	FL	60,000	Opened March 2001
Frisco	TX	50,000	Under construction
Honolulu	HI	40,000	Under construction
Cleveland	OH	50,000	Under construction

Potential locations for openings in fiscal 2002 have been tentatively identified and site negotiations are currently in progress.

The Company believes that the location of its Complexes is critical to the Company's long-term success and devotes significant time and resources to analyzing each prospective site. In general, the Company targets high-profile sites within metropolitan areas of less than one million people for intermediate-size models and at least one million people for mega-size models. The Company carefully analyzes demographic information (such as average income levels) for each prospective site, the Company considers factors such as visibility; accessibility to regional highway systems; zoning; regulatory restrictions; and proximity to shopping areas, office complexes, tourist attractions and residential areas. The Company also carefully studies the restaurant and entertainment competition in prospective areas. In addition, the Company must select a site of sufficient size to accommodate its prototype facility with ample, convenient customer parking.

The typical cost of opening a mega-size Dave & Buster's ranges from approximately \$7.5 million to \$13.0 million (excluding preopening expenses and developer allowances), depending upon the location and condition of the premises. For intermediate-size models, the typical cost ranges from approximately \$6.5 million and \$12.5 million (excluding pre-opening expenses and developer allowances), depending upon the location and condition of the premises. The Company will base the decision of owning or leasing a site on the projected unit economics and availability of the site for purchase. The Complexes opened in 2000 were all leased facilities. Opening a leased facility reduces the Company's capital investment in a Complex because the Company does not incur land and site improvement costs and may also receive a construction allowance from the landlord for improvements. The exterior and interior layout of a Dave & Buster's is flexible and can be readily adapted to different types of buildings. The Company has opened Complexes in both new and existing structures, in both urban and suburban areas.

#### International

In August 1995, the Company entered into a license agreement with a subsidiary of Bass Plc ("Bass") to license the "Dave & Buster's" name and concept in the United Kingdom. Under this agreement, Bass opened a Complex in Birmingham, England in May 1997, a Complex in Bristol, England in July 1998, and agreed to open a total of seven Complexes in the United Kingdom

by 2005. Under the license agreement, Bass was required to pay the Company a royalty based upon gross revenues, net of value added taxes. In October 2000, Bass terminated this agreement for internal operating reasons and closed the two United Kingdom Dave & Buster's locations.

In February 1998, the Company entered into a license agreement with the TaiMall Development Company ("TaiMall") to license the "Dave & Buster's" name and concept in the Pacific Rim. Under this agreement, TaiMall opened a Complex in Taipei, Taiwan in December 1999, and has agreed to open seven Complexes in the Pacific Rim by the year 2006. Under the license agreement, TaiMall is required to pay the Company a 5% royalty based upon gross revenues. The license agreement contains strict operating covenants to ensure consistency of the menu and entertainment offerings with those in the Company-operated Complexes.

In September 1998, the Company entered into a license agreement with the SVAG Development Corporation ("SVAG") to license the "Dave & Buster's" name and concept in Germany, Switzerland and Austria. In March 2001, SVAG terminated this agreement due to lack of financing.

In March 1999, the Company entered into a license agreement with Funtime Hospitality Corp. ("Funtime") to license the "Dave & Buster's" name and concept in Canada. Under this agreement, Funtime opened a Complex in Toronto, Ontario in June 2000, and has agreed to open five Complexes by the year 2005. The license agreement contains strict operating covenants to

6

7

ensure consistency of the menu and entertainment offerings with those in the Company operated Complexes.

In July 2000, the Company entered into a license agreement with Al-Mal Entertainment Enterprises, K.C.S. ("Al-Mal") to license the "Dave & Buster's" name and concept in the Middle East. Under this agreement, Al-Mal has agreed to open six Complexes by the year 2009. The license agreement contains strict operating covenants to ensure consistency of the menu and entertainment offerings with those in the Company operated Complexes.

In September 2000, the Company entered into a license agreement with Grupo Ildomani S. de R.L. de C.V., limited liability company ("Grupo Ildomani") to license the "Dave & Buster's" name and concept in Mexico. Under this agreement, Grupo Ildomani has agreed to open five Complexes by the year 2006. The license agreement contains strict operating covenants to ensure consistency of the menu and entertainment offerings with those in the Company operated Complexes.

The Company is considering entering into agreements to license the "Dave & Buster's" name and concept in additional foreign countries. The Company does not have any current plans to invest its own capital in any foreign operations.

#### Operations and Management

The Company's ability to manage a complex operation, that includes both high volume restaurants, bars and diverse entertainment attractions, has been critical to its overall success. The Company strives to maintain quality and consistency in each of its Complexes through careful training and supervision of personnel and the establishing and adhering to high standards relating to personnel performance, food and beverage preparation, entertainment productions and equipment, and facilities maintenance. The Company believes that it has been able to attract and retain high quality, experienced restaurant and entertainment management and personnel through its competitive compensation and bonus programs and its policy of promoting from within the Company. Staffing levels vary according to the size of the location, but a mega-size Dave & Buster's is managed by one general manager, two assistant general managers, seven line managers, and one business manager.

In general, each mega-size Dave & Buster's also employs one purchasing agent, one amusement manager, one assistant amusement manager, one kitchen manager, two assistant kitchen managers, and one special events sales

manager. On average, the Company's current general managers possess approximately four years of experience with the Company. The general manager of each Dave & Buster's reports to a Regional Operations Director who reports to the Vice President, Director of Operations.

All managers, many of whom are promoted from within, must complete an eleven-week training program during which they are instructed in areas such as food quality and preparation, customer service, alcoholic beverage service, entertainment management, and employee relations. The Company has also prepared operations manuals relating to food and beverage quality and service standards as well as proper operation and playing conditions of the Company's entertainment attractions. New sales staff and entertainment personnel participate in approximately two weeks of training under the close supervision of Company management. Management strives to instill enthusiasm and dedication in its employees, regularly solicits employee suggestions concerning Company operations and endeavors to be responsive to employees' concerns. In addition, the Company has extensive and varied programs designed to recognize and reward employees for superior performance.

7

8

Efficient, attentive and friendly service is integral to the Company's overall concept. In addition to customer evaluations, the Company uses a "secret shopper" quality control program to independently monitor customer satisfaction. "Secret shoppers" are independent persons who, on a periodic basis, test the Company's food, beverage, and service as customers without the knowledge of restaurant management or personnel, and report their findings to corporate management.

Each Complex uses a variety of integrated management information systems. These systems include a computerized point-of-sale system which facilitates the movement of customer food and beverage orders between the customer areas and kitchen operations, controls cash, handles credit card authorizations, keeps track of revenues on a per-employee basis for incentive awards, and provides management with revenue and inventory data.

#### Marketing, Advertising and Promotion

The Company operates its marketing, advertising, and promotional programs through the corporate marketing department with the assistance of an external advertising agency, media planning/buying service and a national public relations firm.

The corporate marketing department is also responsible for controlling media and production costs. During fiscal 2000, the Company's expenditures for advertising and promotions were approximately 3.3% of its revenues.

In order to expand its customer base, the Company focuses marketing efforts in three key areas: (1) advertising and system-wide promotions; (2) field marketing and local promotions and (3) corporate and group customers (special events).

**Advertising and System-wide Promotions.** In fiscal 2000, the Company launched its first ever national advertising campaign introducing the brand tag-line "Big Time Fun". This campaign included television, radio, outdoor, print and direct mail to attract new guests. In addition, in-store promotions and point-of-sale materials designed to increase visit frequency and guest check average were also implemented.

**Field Marketing and Local Promotions.** To capitalize on business building opportunities at the local market level, the Company has employed a Field Marketing team to work in conjunction with store level management, local supplier-partners and local media to develop third party promotions designed to meet the specific business objectives of the individual locations.

**Corporate and Group Marketing (Special Events).** The Company employs a dedicated corporate-level Special Events staff to provide support and direction for the Complex-based Special Events Managers. The Company develops and maintains a database for corporate and group bookings. Each Dave & Buster's location has hosted events for many large and multi-national, national, and regional businesses. Many of the Company's

corporate and group customers have hosted repeat events.

#### Competition

The restaurant and entertainment industries are highly competitive. There are a great number of food and beverage service operations and entertainment businesses that compete directly and indirectly with the Company. Many of these entities are larger and have significantly greater

8

9

financial resources and a greater number of units than does the Company. Although there are a few other companies presently utilizing the concept of combining entertainment and restaurant operations to the same extent as the Company, the Company may encounter increased competition in the future, which may have an adverse effect on the profitability of the Company. In addition, the legalization of casino gambling in geographic areas near any restaurant/entertainment company would create the possibility for entertainment alternatives, which could have a material adverse effect on the Company's business.

#### Employees

At February 4, 2001, the Company employed approximately 6,600 persons, approximately 180 of whom served in administrative or executive capacities, approximately 550 of whom served as restaurant and entertainment management personnel, and the remainder of whom were hourly restaurant and entertainment personnel.

None of the Company's employees are covered by collective bargaining agreements, and the Company has never experienced an organized work stoppage, strike or labor dispute. The Company believes its working conditions and compensation packages are competitive with those offered by its competitors and considers relations with its employees to be very good.

#### Intellectual Property

The Company has registered the trademark "Dave & Buster's" with the United States Patent and Trademark Office and in various foreign countries. The Company has registered and/or applied for certain additional trademarks with the United States Patent and Trademark Office and in various foreign countries.

#### Government Regulations

The Company is subject to various federal, state and local laws affecting its business. Each Dave & Buster's is subject to licensing and regulation by a number of governmental authorities, which may include alcoholic beverage control, amusement, health and safety and fire agencies in the state or municipality in which the Complex is located. Each Dave & Buster's is required to obtain a license to sell alcoholic beverages on the premises from a state authority and, in certain locations, county and municipal authorities. Typically, licenses must be renewed annually and may be revoked or suspended for cause at any time. Alcoholic beverage control regulations relate to numerous aspects of the daily operations of each Dave & Buster's, including minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing, inventory control and handling, and storage and dispensing of alcoholic beverages. The Company has not encountered any material problems relating to alcoholic beverage licenses to date. The failure to receive or retain a liquor license in a particular location could adversely affect the Company's ability to obtain such a license elsewhere.

The Company is subject to "dram-shop" statutes in the states in which Complexes are located. These statutes generally provide a person injured by an intoxicated person the right to recover damages from an establishment which wrongfully served alcoholic beverages to the intoxicated individual. The Company carries liquor liability coverage as part of its existing comprehensive general liability insurance which it believes is consistent with coverage carried by other entities in the restaurant and entertainment industries. Although the Company is covered by insurance, a judgment against the Company under a dram-shop statute in

excess of the Company's liability coverage could have a material adverse effect on the Company.

9

10

As a result of operating certain entertainment games and attractions including operations which offer redemption prizes, the Company is subject to amusement licensing and regulation by the states and municipalities in which it has opened Complexes. Certain entertainment attractions are heavily regulated and such regulations vary significantly between communities. From time to time, existing Complexes may be required to modify certain games, alter the mix of games or terminate the use of specific games as a result of the interpretation of regulations by state or local officials. The Company has, in the past, had to seek changes in state or local regulations to enable it to open a given location. To date, the Company has been successful in seeking all such regulatory changes.

The Company is subject to federal and state environmental regulations, but these have not had a material negative effect on the Company's operations. More stringent and varied requirements of local and state governmental bodies with respect to zoning, land use and environmental factors could delay or prevent development of new restaurants in particular locations. The Company is subject to the Fair Labor Standards Act which governs such matters as minimum wages, overtime and other working conditions, along with the American With Disabilities Act and various family leave mandates. Although the Company expects increases in payroll expenses as a result of federal and state mandated increases in the minimum wage, such increases are not expected to be material. However, the Company is uncertain of the repercussion, if any, on other expenses as vendors are impacted by higher minimum wage standards.

#### RISK FACTORS

The Company hereby cautions stockholders, prospective investors in the Company and other readers of this report that the following important factors, among others, could affect the Company's stock price or cause the Company's actual results of operations to differ materially from those expressed in any forward-looking statements, oral or written, made by or behalf of the Company:

Our growth depends upon our ability to open new Complexes

We currently plan to open four Complexes during each of fiscal years 2001 and 2002, and four Complexes each fiscal year thereafter. Our ability to achieve this expansion goal depends upon our raising sufficient capital, locating and obtaining appropriate sites, hiring and training additional management personnel, and constructing or acquiring, at reasonable cost, the necessary improvements and equipment for these Complexes. In particular, the capital resources required to develop each new Complex are significant. There is no assurance that we can complete our planned expansion or that new Complexes will perform in a manner consistent with our most recently opened Restaurant/Entertainment Complexes or make a positive contribution to our operating performance.

We operate a relatively small number of Complexes

As of February 4, 2001, we operated 27 Restaurant/Entertainment Complexes. The combination of the relatively small number of locations and the significant investment associated with each new Restaurant/Entertainment Complex may cause our operating results to fluctuate significantly. Due to this relatively small number of locations, poor results of operations at any one Restaurant/Entertainment Complex could materially affect our profitability. Historically, new Restaurant/Entertainment Complexes have experienced a drop in revenues after their first year of operation, and we do not expect that in subsequent years, any increases in comparable Complex revenues will be meaningful. Additionally, because of the substantial up-front financial requirements to open new Complexes, the investment risk related to any one

10

11

Restaurant/Entertainment Complex is much larger than that associated with most other companies' restaurant or entertainment venues.

Our results of operations are dependent upon consumer discretionary spending

Our results of operations are dependent on discretionary spending by consumers, particularly by consumers living in communities in which the Restaurant/Entertainment Complexes are located. A significant weakening in any of the local economies in which we operate may cause our customers to curtail discretionary spending which in turn could materially affect our profitability.

We compete against many larger entities

The restaurant and entertainment industries are highly competitive. We compete against many food and beverage service operations and entertainment businesses that are larger and have significantly greater financial resources and a greater number of units than us. In addition, the legislation of casino gambling in geographic areas near any of our Complexes creates the likelihood of an additional entertainment alternative, which could have a material adverse effect on our business.

Our operations are subject to many government regulations

Various federal, state and local laws and permit and license requirements affect our business. Significant numbers of our hourly personnel are paid at rates related to the federal minimum wage and, accordingly, legislated increases in the minimum wage will increase labor costs at our Complexes. Other governmental initiatives such as mandated health insurance, if implemented, could adversely affect us and the restaurant industry in general.

Our results of operations fluctuate in accordance with Complex openings and seasonality

As a result of the substantial revenues associated with each new Restaurant/Entertainment Complex, the timing of new Complex openings will result in significant fluctuations in quarterly results. We also expect seasonality to be a factor in our results of operations due to lower third quarter revenues in the fall season, and higher fourth quarter revenues associated with the year-end holidays.

Our results of operations are dependent upon the efforts of our senior management

Our future success will depend largely on the efforts and abilities of our existing senior management, particularly David O. "Dave" Corriveau and James W. "Buster" Corley, the Co-Chief Executive Officers and founders of our business.

Our common stock price may experience volatility

The market price of our Common Stock has fluctuated substantially due to a variety of factors, including our quarterly operating results of the Company or the results of other restaurant or entertainment companies, changes in general economic conditions or the financial markets and other factors. In addition, in recent years the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market prices of securities issued by many companies for reasons unrelated to the operating performance of these companies.

As of February 4, 2001 the Company operated a total of 27 Complexes located in 13 states. The Company is currently utilizing all available land at its owned locations. The Company's real estate leases are with unrelated third parties except where noted.

Location	State	Owned or Leased Property	Lease Expiration Date	Lease Expiration Date with Options
Dallas (I)	TX	Owned	---	---
Dallas (II)	TX	Leased	December 2002	December 2007
Houston	TX	Owned	---	---
Atlanta (I)	GA	Owned	---	---
Philadelphia	PA	Leased	January 2015*	January 2024
Chicago (I)	IL	Owned	---	---
Chicago (II)	IL	Leased	January 2016	January 2026
Hollywood	FL	Leased**	April 2016	April 2031
North Bethesda	MD	Leased	January 2018	January 2033
Ontario	CA	Leased	January 2018	January 2028
Cincinnati	OH	Leased	January 2018	January 2038
Denver	CO	Leased	December 2017	December 2032
Utica	MI	Leased	June 2018	June 2033
Irvine	CA	Leased	July 2018	July 2028
Rockland County	NY	Leased	January 2019	January 2034
Orange	CA	Leased	January 2019	January 2029
Columbus	OH	Owned	---	---
San Antonio	TX	Leased	September 2018	September 2028
Atlanta (II)	GA	Leased	March 2019	March 2034
St. Louis	MO	Leased	June 2019	June 2034
Austin	TX	Leased	December 2019	December 2034
Jacksonville	FL	Owned	---	---
Providence	RI	Leased	December 2019	December 2034
Milpitas	CA	Leased	January 2001	January 2031
Westminster	CO	Leased	January 2001	January 2031
Pittsburgh	PA	Leased	June 2020	June 2055
San Diego	CA	Leased	November 2020	April 2055

\* The Company also leases additional parking facilities which expires January 2014.

\*\* The Company owns the building and leases the real property.

The Company has also signed 20-year leases for Complexes due to open in fiscal 2001 in each of Miami, Florida; Frisco, Texas; Honolulu, Hawaii and Cleveland, Ohio. A twenty-year lease has also been signed for Phoenix, Arizona, which is scheduled to open in the year 2003. Third-party leases typically provide for a minimum base rent, additional rent based on a percentage of revenues and payment of certain operating expenses.

12

13

Item 3. LEGAL PROCEEDINGS.

The Company is a defendant in litigation arising in the ordinary course of its business, including claims resulting from "slip and fall" accidents, claims under federal and state laws governing access to public accommodations, and employment-related claims. To date, none of such litigation, some of which is covered by insurance, has had a material effect on the Company.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock traded on the Nasdaq National Market under the symbol DANB from June 26, 1995 until June 3, 1999. The following table summarizes the high and low sale prices per share of Common Stock for the applicable periods indicated, as reported on the Nasdaq National Market. Since June 4, 1999, the Company's Common Stock is traded on the New York Stock Exchange ("NYSE") under the symbol DAB. The following table summarizes the high and low sales prices per share of Common Stock for the applicable periods indicated, as reported by the NYSE.

Fiscal Year 1998

First Quarter

\$27.75

\$21.13

Second Quarter	26.50	21.38
Third Quarter	22.63	10.50
Fourth Quarter	24.38	17.13

Fiscal Year 1999

First Quarter	23.25	18.06
Second Quarter	29.38	20.50
Third Quarter	26.88	8.75
Fourth Quarter	10.69	5.06

Fiscal Year 2000

First Quarter	10.50	6.25
Second Quarter	7.50	6.00
Third Quarter	8.88	6.06
Fourth Quarter	12.25	7.56

At April 16, 2001, there were 2,124 holders of record.

13

14

The Company has never paid cash dividends on its Common Stock and does not currently intend to do so as profits are reinvested into the Company to fund future expansion of its restaurant business. Payment of dividends in the future will depend upon the Company's growth, profitability, financial condition and other factors which the Board of Directors may deem relevant.

14

15

Item 6. SELECTED FINANCIAL DATA.

The following table sets forth selected consolidated financial data for the Company. This data should be read in conjunction with the Consolidated Financial Statements of the Company and the Notes thereto included in Item 8 hereof and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 hereof.

Fiscal Year	2000	1999	1998	1997	1996
	(in thousands, except per share amounts and store data)				
Income Statement Data					
Food and beverage revenues	\$ 168,085	\$ 121,390	\$ 89,378	\$ 64,703	\$ 48,568
Amusements and other revenues	164,218	125,744	92,906	63,801	40,207
Total revenues	332,303	247,134	182,284	128,504	88,775
Cost of revenues	61,547	45,720	35,582	24,795	18,003
Operating payroll and benefits	101,143	76,242	52,206	36,227	25,483
Other store operating expenses	90,581	65,292	45,862	32,787	20,582
General and administrative expenses	20,019	14,988	10,579	8,489	5,734
Depreciation and amortization expense	25,716	19,884	12,163	8,470	5,647
Preopening costs	5,331	6,053	4,539	3,246	2,605
Total costs and expenses	304,337	228,179	160,931	114,014	78,054
Operating income	27,966	18,955	21,353	14,490	10,721
Interest income (expense), net	(8,712)	(3,339)	194	(179)	(38)
Income before provision for income taxes and cumulative effect of a change in an accounting principle	19,254	15,616	21,547	14,311	10,683
Provision for income taxes	7,009	5,724	7,969	5,414	4,343
Income before cumulative effect of a change in an accounting principle	12,245	9,892	13,578	8,897	6,340
Cumulative effect of a change in an accounting principle, net of income tax benefit of \$2,928	--	4,687	--	--	--
Net income	\$ 12,245	\$ 5,205	\$ 13,578	\$ 8,897	\$ 6,340
Net income per share - basic					
Before cumulative effect of a change in an accounting principle	\$ .95	\$ .76	\$ 1.04	\$ .77	\$ .58
Cumulative effect of a change in an					

accounting principle	--	.36	--	--	--
	\$ .95	\$ .40	\$ 1.04	\$ .77	\$ .58
Net income per share - diluted					
Before cumulative effect of a change in an accounting principle	\$ .94	\$ .75	\$ 1.03	\$ .76	\$ .58
Cumulative effect of a change in an accounting principle	--	.36	--	--	--
	\$ .94	\$ .39	\$ 1.03	\$ .76	\$ .58

15

16

Fiscal Year	2000	1999	1998	1997	1996
	(in thousands, except per share amounts and store data)				
Weighted average shares outstanding					
Basic	12,953	13,054	13,053	11,532	10,901
Diluted	12,986	13,214	13,246	11,711	10,969
Balance Sheet Data					
Working capital	\$ 5,126	\$ 8,957	\$ 8,220	\$ 26,408	\$ 1,077
Total assets	303,875	268,184	216,592	158,989	99,436
Long-term obligations	103,860	91,000	42,500	12,000	14,250
Stockholders' equity	162,387	149,899	145,502	133,356	75,366
Number of Complexes Open at End of Period					
Company operated	27	23	17	12	9

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (DOLLARS IN THOUSANDS)

FISCAL 2000 COMPARED TO FISCAL 1999

Total revenues increased to \$332,303 for fiscal 2000 from \$247,134 for fiscal 1999, an increase of \$85,169 or 34%. New stores opened in fiscal 2000 and in fiscal 1999 accounted for 91% of the increase. Revenues at comparable stores increased 3.6% for fiscal 2000. Increases in revenues were also attributable to a 2% overall price increase and a higher average guest check. Total revenues for fiscal 2000 from licensing agreements were \$966.

Cost of revenues increased to \$61,547 for fiscal 2000 from \$45,720 for fiscal 1999, an increase of \$15,827 or 35%. The increase was principally attributable to the 34% increase in revenues. As a percentage of revenues, cost of revenues were the same for fiscal 2000 and fiscal 1999 at 18.5%.

Operating payroll and benefits increased to \$101,143 for fiscal 2000 from \$76,242 for fiscal 1999, an increase of \$24,901 or 33%. As a percentage of revenue, operating payroll and benefits decreased to 30.4% in fiscal 2000 from 30.9% in fiscal 1999 due to higher variable labor costs offset by lower fixed labor costs and taxes and benefits.

Other store operating expenses increased to \$90,581 for fiscal 2000 from \$65,292 for fiscal 1999, an increase of \$25,289 or 39%. As a percentage of revenues, other store operating expenses were 27.3% of revenues in fiscal 2000 as compared to 26.4% of revenues in fiscal 1999. Other store operating expenses were higher due to higher marketing costs associated with the Company's 2000 marketing campaign.

General and administrative expenses increased to \$20,019 for fiscal 2000 from \$14,988 for fiscal 1999, an increase of \$5,031 or 34%. The increase over the prior comparable period resulted from increased administrative payroll and related costs for new personnel, and additional costs associated with the Company's future growth plans. As a percentage of revenues, general and administrative expenses decreased to 6.0% in fiscal year 2000 from 6.1% in fiscal year 1999.

16

Depreciation and amortization expense increased to \$25,716 for fiscal 2000 from \$19,884 for fiscal 1999, an increase of \$5,832 or 29%. As a percentage of revenues, depreciation and amortization decreased to 7.7% from 8.0% for the comparable prior period. The increase was attributable to new stores opened in fiscal 2000 and in fiscal 1999.

Preopening costs decreased to \$5,331 for fiscal 2000 from \$6,053 for fiscal 1999, a decrease of \$722 or 12%. As a percentage of revenues, preopening costs were 1.6% for fiscal 2000 as compared to 2.4% for fiscal 1999. This decrease was due to the fewer number of new stores opened in 2000 compared to 1999.

Interest expense - net increased to \$8,712 for fiscal 2000 from \$3,339 for fiscal 1999. The increase was due to a higher average debt balance and higher interest rates in 2000 versus 1999.

The effective tax rate for fiscal year 2000 was 36.4% as compared to 36.7% for fiscal year 1999, and was the result of a lower effective state tax rate.

#### FISCAL 1999 COMPARED TO FISCAL 1998

Total revenues increased to \$247,134 for fiscal 1999 from \$182,284 for fiscal 1998, an increase of \$64,850 or 36%. New stores opened in fiscal 1999 and in fiscal 1998 accounted for 109% of the increase. Revenues at comparable stores decreased 2.5% for fiscal 1999. Increases in revenues were also attributable to a higher average guest check. Total revenues for fiscal 1999 from licensing agreements were \$573.

Cost of revenues increased to \$45,720 for fiscal 1999 from \$35,582 for fiscal 1998, an increase of \$10,138 or 29%. The increase was principally attributable to the 36% increase in revenues. As a percentage of revenues, cost of revenues decreased to 18.5% in fiscal 1999 from 19.5% in fiscal 1998 due to lower food, beverage and amusement costs.

Operating payroll and benefits increased to \$76,242 for fiscal 1999 from \$52,206 for fiscal 1998, an increase of \$24,036 or 46%. As a percentage of revenue, operating payroll and benefits increased to 30.9% in fiscal 1999 from 28.6% in fiscal 1998 due to higher variable and fixed labor costs and higher taxes and benefits.

Other store operating expenses increased to \$65,292 for fiscal 1999 from \$45,862 for fiscal 1998, an increase of \$19,430 or 42%. As a percentage of revenues, other store operating expenses were 26.4% of revenues in fiscal 1999 as compared to 25.2% of revenues in fiscal 1998. Other store operating expenses were higher due to reduced utilities and fixed costs at the stores offset by higher occupancy costs associated with new stores opened in fiscal 1999 and in fiscal 1998.

General and administrative expenses increased to \$14,988 for fiscal 1999 from \$10,579 for fiscal 1998, an increase of \$4,409 or 42%. The increase over the prior comparable period resulted from increased administrative payroll and related costs for new personnel, and additional costs associated with the Company's future growth plans. As a percentage of revenues, general and administrative expenses increased to 6.1% in fiscal year 1999 from 5.8% in fiscal year 1998.

Depreciation and amortization expense increased to \$19,884 for fiscal 1999 from \$12,163 for fiscal 1998, an increase of \$7,721 or 64%. As a percentage of revenues, depreciation and amortization increased to 8.0% from 6.7% for the comparable prior period. The increase was attributable to new stores opened in fiscal 1999 and in fiscal 1998.

Preopening costs increased to \$6,053 for fiscal 1999 from \$4,539 for fiscal 1998, an increase of \$1,514 or 33%. As a percentage of revenues, preopening costs were 2.4% for fiscal 1999 as compared to 2.5% for fiscal 1998.

The Company adopted Statement of Position 98-5 ("SOP 98-5"), "Reporting on the Costs of Start-Up Activities", in the first quarter of 1999. This new

accounting standard requires the Company to expense all start-up and preopening costs as they are incurred. The Company previously deferred such costs and amortized them over the twelve-month period following the opening of each store. The cumulative effect of this accounting change, net of income tax benefit of \$2,928, was \$4,687.

Interest expense - net for fiscal 1999 was \$3,339 versus an interest income - net of \$194 for fiscal 1998. The increase was primarily due to higher average debt in 1999 versus 1998.

The effective tax rate for fiscal year 1999 was 36.7% as compared to 37.0% for fiscal year 1998, and was the result of a lower effective state tax rate.

#### LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operations increased to \$36,678 for fiscal 2000 from \$24,940 for fiscal 1999. The increase was attributable to an increase in profitability and the timing of operational receipts and payments.

The Company secured a new \$110,000 senior secured revolving credit and term loan facility. This facility replaced the existing \$100,000 secured revolving line of credit. The facility includes a five-year revolver and five-year and seven-year term debt. Borrowing under the facility bears interest at a floating rate based on LIBOR or, at the Company's option, the bank's prime rate plus, in each case, a margin based upon financial performance (9.7% at February 4, 2001) and is secured by all assets of the Company. The new facility has certain financial covenants including a minimum consolidated tangible net worth level, a maximum leverage ratio, minimum fixed charge coverage and maximum level of capital expenditures. At February 4, 2001, \$1,300 was available under this facility.

The Company entered into an agreement that expired in 1999, to fix its variable-rate debt to fixed-rate debt on notional amounts aggregating \$45,000. In 1999, the Company terminated the agreement resulting in a \$40 gain.

The Company's plan is to open four Complexes in fiscal 2001 and 2002, respectively. The Company estimates that its capital expenditures will be approximately \$44,000 and \$48,000 for 2001 and 2002, respectively. The Company intends to finance this development with cash flow from operations.

#### QUARTERLY FLUCTUATIONS, SEASONALITY AND INFLATION

As a result of the substantial revenues associated with each new Complex, the timing of new Complex openings will result in significant fluctuations in quarterly results. The Company expects seasonality to be a factor in the operation or results of its business in the future due to expected lower third quarter revenues due to the fall season, and expects higher fourth quarter revenues associated with the year-end holidays. The effects of supplier price increases have not been material. The Company believes low inflation rates in its market areas have contributed to stable food and labor costs in recent years. However, there is no assurance that low inflation rates will continue or that the Federal minimum wage rate will not increase.

#### MARKET RISK

The Company's market risk exposure relates to changes in the general level of interest rates. The Company's earnings are affected by changes in interest rates due to the impact those changes have on its interest expense from variable-rate debt. If interest rates increased 10% from the floating rates as of February 4, 2001, interest expense for the year ended February 3, 2002 would increase by approximately \$1,004. This amount is determined by considering the impact of hypothetical rates on the Company's variable-rate debt as of February 4, 2001, adjusted for known cash commitments during 2001.

Certain statements in this Annual Report are not based on historical facts but are "forward-looking statements" that are based on numerous assumptions made as of the date of this report. Forward looking statements are generally identified by the words "believes", "expects", "intends", "anticipates", "scheduled", and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of Dave & Buster's, Inc. to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions; competition; availability; locations and terms of sites for Complex development; quality of management; changes in, or the failure to comply with, government regulations; and other risks indicated in this filing.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's market risk exposure relates to changes in the general level of interest rates. The Company's earnings are affected by changes in interest rates due to the impact those changes have on its interest expense from variable-rate debt. If interest rates increased 10% from the floating rates as of February 4, 2001, interest expense for the year ended February 3, 2002 would increase by approximately \$1,004. This amount is determined by considering the impact of hypothetical rates on the Company's variable-rate debt as of February 4, 2001, adjusted for known cash commitments during 2001.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Item 14(a) (1).

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

A brief description of each executive officer of the Company is provided below. All officers serve at the discretion of the Board of Directors, except as provided below. The information set under the caption "Directors and Executive Officers" in the Company's Proxy statement dated April 21, 2000, for the annual meeting of stockholders on June 5, 2000 is incorporated herein by reference.

Mr. David O. Corriveau, 49, a co-founder of the Dave & Buster's concept in 1982, has served as Co-Chief Executive Officer and President since June 1995, and as a director of the Company since May 1995 and as Co-Chairman of the Board since February 1996. Mr. Corriveau served as President and Chief Executive Officer of D&B Holding (a predecessor of the Company) from 1989 through June 1995. From 1982 to 1989, Messrs. Corriveau and Corley operated the Company's business.

Mr. James W. Corley, 50, a co-founder of the Dave & Buster's concept in 1982, has served as Co-Chief Executive Officer and Chief Operating Officer since June 1995, and as a director of the Company since May 1995 and as Co-Chairman of the Board since February 1996. Mr. Corley served as Executive Vice President and Chief Operating Officer of D&B Holding from 1989 through June 1995. From 1982 to 1989, Messrs. Corley and Corriveau operated the Company's business.

Mr. Barry N. Carter, 53, has served as Vice President of Purchasing since November 2000 and as Vice President of Store Support since June 1995. He served as Vice President and Director of Store Support of D&B Holding from November 1994 to June 1995. From 1982 to November 1994, he served in operating positions of increasing responsibilities for the Company and its predecessors.

Ms. Barbara G. Core, 42, has served as Vice President of Information Technology since September 2000 and Assistant Vice President of Information Technology since November 1999. She served as Senior Director of I.T. from February 1999 to November 1999 and from April 1998 to February 1999 as PeopleSoft Implementation Team Director. From November 1997 to February 1999 she served as Director of I.T. From January 1990 to November 1997 she served in operations positions of increasing responsibilities for the Company and its predecessors.

Ms. Nancy J. Duricic, 46, has served as Vice President of Human Resources since December 1997. From June 1989 to June 1997, she served in human resources positions of increasing responsibilities in other companies, most recently as Vice President of Human Resources for Eljer Industries, Inc.

Mr. Cory J. Haynes, 40, has served as Vice President of International Operations since March, 2000 and Vice President of Beverage Operations since May 1998. He served as Vice President, Assistant Director of Operations from September 1996 to May 1998, and from January 1996 to September 1996, as Corporate Director of Management and Development. From 1982 to January 1996, he served in operating positions of increasing responsibilities for the Company and its predecessors.

Mr. Jeffrey A. Jahnke, 46, has served as Controller, Vice President of Accounting for the Company since January 2000. From May 1998 to December 1999 he was a consultant primarily in the hospitality business. Mr. Jahnke was with ClubCorp International, Inc. from 1983 to 1998 in various financial positions of increasing responsibilities, his most recent position being Vice President of Accounting.

20

21

Mr. Charles Michel, 47, has served as Secretary since January 2001 and as Vice President and Chief Financial Officer since February 1996. He served as Chief Financial Officer of the Company since June 1995 and as Chief Financial Officer of D&B Holding from November 1994 to June 1995.

Mr. Reginald M. Moultrie, 45, has served as Vice President of Amusements since January 1999, as Vice President of Games and Merchandising from April 1998 to January 1999, and as Director of Amusements from February 1997 to April 1998. Mr. Moultrie served as Vice President of Sales for SkeeBall, Inc. from 1993 to 1997.

Mr. Stuart A. Myers, 40, has served as Vice President of Marketing since January 2000. From September 1996 to December 1999 he served as Vice President of Marketing for Whataburger, Inc. Mr. Myers served as Senior Vice President/Restaurant Group Account Director at Levenson & Hill Advertising from July 1993 to September 1996.

Mr. R. Lee Pitts, 36, has served as Vice President of Training and New Store Openings since September 2000 and as Assistant Vice President and Director of Training from March 1998. From 1991 to March 1998 Mr. Pitts served in operating positions of increasing responsibility for the Company and its predecessors.

Mr. J. Michael Plunkett, 50, has served as Vice President of Kitchen Operations since November 2000, as Vice President of Information Systems from November 1996 to November 2000, as Vice President, Director of Training from June 1995 until November 1996 and as Vice President and Director of Training of D&B Holding from November 1994 to June 1995. From 1982 to November 1994, he served in operating positions of increasing responsibilities for the Company and its predecessors.

Mr. Craig C. Rawls, 32, has served as Treasurer since September 1998. From 1995 to September 1998 he served in finance positions of increasing responsibilities for the Company and its predecessors.

Mr. Sterling R. Smith, 48, has served as Vice President of Operations since June 1995 and as Vice President and Director of Operations of D&B Holding from November 1994 to June 1995. From 1983 to November 1994, Mr. Smith served in operating positions of increasing responsibility for the Company and its predecessors.

Mr. Bryan L. Spain, 53, has served as Vice President of Real Estate since March 1997. From 1993 until joining Dave & Buster's, Mr. Spain managed the Real Estate Acquisition and Development Program for Incredible Universe and Computer City Divisions of Tandy Corporation. In addition, from 1991 to 1993, Mr. Spain served as Director, Real Estate Financing for Tandy Corporation.

21

22

Item 11. COMPENSATION INFORMATION

The information set under the caption "Election of Directors" in the Company's Proxy Statement dated May 4, 2001, for the annual meeting of stockholders on June 14, 2001 is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information set under the caption "Beneficial Ownership of Common Stock" in the Company's Proxy Statement dated May 4, 2001, for the annual meeting of stockholders on June 14, 2001 is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information set under caption "Election of Directors - Certain Transactions" in the Company's Proxy Statement dated May 4, 2001, for the annual meeting of stockholders on June 14, 2001 is incorporated herein by reference.

22

23

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENTS AND REPORTS OF FORM 8-K.

(a) (1) Financial Statements

	Page
	----
Consolidated Balance Sheets - February 4, 2001 and January 30, 2000	F-1
Consolidated Statements of Income - Fiscal years ended February 4, 2001, January 30, 2000, and January 31, 1999	F-2
Consolidated Statements of Stockholders' Equity - Fiscal years ended February 4, 2001, January 30, 2000, and January 31, 1999	F-3
Consolidated Statements of Cash Flows - Fiscal years ended February 4, 2001, January 30, 2000, and January 31, 1999	F-4
Notes to Consolidated Financial Statements	F-5 - F-11
Report of Independent Auditors	F-12

All schedules are omitted as the required information is inapplicable or the information is presented in the financial statements or related notes.

(a) (3) Exhibits.

Reference is made to the Exhibit Index preceding the exhibits attached hereto on page 26 for a list of all exhibits filed as a part of this Report.

(b) Reports of Form 8-K.

The Company was not required to file a current report on Form 8-K during the fourteen weeks ended February 4, 2001.

23

24

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dave & Buster's, Inc.  
a Missouri corporation

By: /s/ Charles Michel

-----  
Charles Michel,  
Vice President, Chief  
Financial Officer and  
Secretary

Dated: April 23, 2001

24

25

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons of the registrant and in the capacities indicated on April 23, 2001.

Name -----	Title -----
/s/David O. Corriveau ----- David O. Corriveau	Co-Chairman of the Board, Co-Chief Executive Officer, President, and Director (Principal Executive Officer)
/s/James W. Corley ----- James W. Corley	Co-Chairman of the Board, Co-Chief Executive Officer, Chief Operating Officer and Director
/s/Charles Michel ----- Charles Michel	Vice President, Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)
----- Allen J. Bernstein	Director
/s/Peter A. Edison ----- Peter A. Edison	Director
/s/Bruce H. Hallett ----- Bruce H. Hallett	Director
/s/Walter S. Henrion ----- Walter S. Henrion	Director
----- Mark A. Levy	Director

-----  
Christopher C. Maguire

Director

25

26

CONSOLIDATED BALANCE SHEETS  
DAVE & BUSTER'S, INC.

in thousands, except share and per share amounts	February 4, 2001	January 30, 2000
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,179	\$ 3,091
Inventories	21,758	16,243
Prepaid expenses	3,663	2,104
Other current assets	1,787	5,582
-----		
Total current assets	30,387	27,020
Property and equipment, net (note 2)	260,467	232,216
Goodwill, net of accumulated amortization of \$2,263 and \$1,883	7,445	7,826
Other assets	5,576	1,122
-----		
Total assets	\$303,875	\$268,184
Liabilities and Stockholders' Equity		
Current liabilities:		
Current installments of long-term debt (note 4)	\$ 4,124	\$ --
Accounts payable	9,291	11,868
Accrued liabilities (note 3)	7,050	4,858
Income taxes payable (note 5)	3,567	--
Deferred income taxes (note 5)	1,229	1,337
-----		
Total current liabilities	25,261	18,063
Deferred income taxes (note 5)	7,667	6,377
Other liabilities	4,700	2,845
Long-term debt, less current installments (note 4)	103,860	91,000
Commitments and contingencies (notes 4, 6 and 11)		
Stockholders' equity (note 7):		
Preferred stock, 10,000,000 authorized; none issued	--	--
Common stock, \$0.01 par value, 50,000,000 authorized; 12,953,375 shares issued and outstanding as of February 4, 2001 and January 30, 2000, respectively	131	131
Paid in capital (note 9)	115,659	115,659
Restricted stock awards	243	--
Retained earnings	48,200	35,955
-----		
Less: treasury stock, at cost (175,000 shares)	164,233	151,745
	1,846	1,846
-----		
Total stockholders' equity	162,387	149,899
-----		
Total liabilities and stockholders' equity	\$303,875	\$268,184

See accompanying notes to consolidated financial statements.

F-1

27

CONSOLIDATED STATEMENTS OF INCOME  
DAVE & BUSTER'S, INC.

in thousands, except per share amounts	Fiscal Year 2000	1999	1998
Food and beverage revenues	\$ 168,085	\$ 121,390	\$ 89,378
Amusement and other revenues	164,218	125,744	92,906
-----			
Total revenues	332,303	247,134	182,284
Cost of revenues	61,547	45,720	35,582
Operating payroll and benefits	101,143	76,242	52,206
Other store operating expenses	90,581	65,292	45,862
General and administrative expenses	20,019	14,988	10,579
Depreciation and amortization expense	25,716	19,884	12,163
Preopening costs	5,331	6,053	4,539
-----			
Total costs and expenses	304,337	228,179	160,931
Operating income	27,966	18,955	21,353
Interest income (expense), net	(8,712)	(3,339)	194
-----			
Income before provision for income taxes and cumulative effect of a change in an			

accounting principle	19,254	15,616	21,547
Provision for income taxes (note 5)	7,009	5,724	7,969
-----			
Income before cumulative effect of a change in an accounting principle	12,245	9,892	13,578
Cumulative effect of a change in an accounting principle, net of income tax benefit of \$2,928	--	4,687	--
-----			
Net income	\$ 12,245	\$ 5,205	\$ 13,578
-----			
Net income per share - basic			
Before cumulative effect of a change in an accounting principle	\$ .95	\$ .76	\$ 1.04
Cumulative effect of a change in an accounting principle	--	.36	--
-----			
	\$ .95	\$ .40	\$ 1.04
-----			
Net income per share - diluted			
Before cumulative effect of a change in an accounting principle	\$ .94	\$ .75	\$ 1.03
Cumulative effect of a change in an accounting principle	--	.36	--
-----			
	\$ .94	\$ .39	\$ 1.03
-----			
Weighted average shares outstanding			
Basic	12,953	13,054	13,053
Diluted	12,986	13,214	13,246

See accompanying notes to consolidated financial statements.

F-2

28

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
DAVE & BUSTER'S, INC.

in thousands	Common Stock		Paid in Capital	Restricted Stock Awards	Retained Earnings	Treasury Stock	Total
	Shares	Amount					
Balance, February 1, 1998	13,019	\$130	\$ 116,054	\$ --	\$17,172	\$ --	\$ 133,356
Proceeds from exercising stock options	50	1	603	--	--	--	604
Tax benefit related to stock option exercises	--	--	208	--	--	--	208
Spin-off and related transactions (note 9)	--	--	(2,244)	--	--	--	(2,244)
Net income	--	--	--	--	13,578	--	13,578
-----							
Balance, January 31, 1999	13,069	\$131	\$ 114,621	\$ --	\$30,750	--	\$ 145,502
Proceeds from exercising stock options	59	--	786	--	--	--	786
Tax benefit related to stock option exercises	--	--	252	--	--	--	252
Purchase of treasury stock	(175)	--	--	--	--	(1,846)	(1,846)
Net income	--	--	--	--	5,205	--	5,205
-----							
Balance, January 30, 2000	12,953	\$131	\$ 115,659	\$ --	\$35,955	\$(1,846)	\$ 149,899
Amortization of restricted stock awards	--	--	--	243	--	--	243
Net income	--	--	--	--	12,245	--	12,245
-----							
Balance, February 4, 2001	12,953	\$131	\$ 115,659	\$243	\$48,200	\$(1,846)	\$ 162,387

See accompanying notes to consolidated financial statements.

F-3

29

CONSOLIDATED STATEMENTS OF CASH FLOWS  
DAVE & BUSTER'S, INC.

in thousands	Fiscal Year		
	2000	1999	1998
Cash flows from operating activities			
Net income	\$ 12,245	\$ 5,205	\$ 13,578
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of change in an accounting principle	--	4,687	--
Depreciation and amortization	25,716	19,884	16,702
Provision for deferred income taxes	1,182	986	4,159
Restricted stock awards	243	--	--
Changes in assets and liabilities			
Inventories	(5,515)	(5,432)	(4,589)
Prepaid expenses	(1,559)	(361)	(509)
Preopening costs	--	--	(8,493)

Other assets	(671)	(666)	(3,401)
Accounts payable	(2,577)	(1,827)	9,620
Accrued liabilities	2,192	1,073	530
Income taxes payable	3,567	--	--
Other liabilities	1,855	1,391	649
Net cash provided by operating activities	36,678	24,940	28,246
Cash flows from investing activities:			
Capital expenditures	(53,574)	(73,798)	(75,621)
Proceeds from sale of short-term investments	--	--	8,507
Net cash used in investing activities	(53,574)	(73,798)	(67,114)
Cash flows from financing activities:			
Purchase of treasury stock	--	(1,846)	--
Spin-off and related transactions	--	--	(2,244)
Borrowings under long-term debt	131,292	50,000	33,500
Repayments of long-term debt	(114,308)	(1,500)	(3,000)
Proceeds from issuance of common stock, net	--	786	812
Net cash provided by financing activities	16,984	47,440	29,068
Increase (decrease) in cash and cash equivalents	88	(1,418)	(9,800)
Beginning cash and cash equivalents	3,091	4,509	14,309
Ending cash and cash equivalents	\$ 3,179	\$ 3,091	\$ 4,509
Supplemental disclosures of cash flow information:			
Cash paid for income taxes	\$ 1,941	\$ 4,188	\$ 5,674
Cash paid for interest, net of amounts capitalized	\$ 8,363	\$ 3,455	\$ 263

See accompanying notes to consolidated financial statements.

F-4

30

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DAVE & BUSTER'S, INC.

IN THOUSANDS EXCEPT PER SHARE AMOUNTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF PRESENTATION** - The consolidated financial statements include the accounts of Dave & Buster's, Inc. and all wholly-owned subsidiaries (the "Company"). All material intercompany accounts and transactions have been eliminated in consolidation. The Company's one industry segment is the ownership and operation of restaurant/entertainment complexes (a "Complex" or "Store") under the name "Dave & Buster's," which are principally located in the United States.

**USE OF ESTIMATES** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**FISCAL YEAR** - The Company's fiscal year ends on the Sunday after the Saturday closest to January 31. References to 2000, 1999, and 1998 are to the 53 weeks ended February 4, 2001 and to the 52 weeks ended January 30, 2000 and January 31, 1999.

**INVENTORIES** - Inventories, which consist of food, beverage and merchandise are reported at the lower of cost or market determined on a first-in, first-out method. Static supplies inventory is capitalized at each store opening date and reviewed periodically for valuation.

**PREOPENING COSTS** - The Company adopted Statement of Position 98-5 ("SOP 98-5"), "Reporting on the Costs of Start-Up Activities," in the first quarter of fiscal 1999. This new accounting standard requires the Company to expense all start-up and preopening costs as they are incurred. The Company previously deferred such costs and amortized them over the twelve-month period following the opening of each store. The cumulative effect of this accounting change, net of income tax benefit of \$2,928, was \$4,687.

**PROPERTY AND EQUIPMENT** - Expenditures for new facilities and those which substantially increase the useful lives of the property, including interest during construction, are capitalized. Interest capitalized in 2000, 1999, and 1998 was \$1,555, \$1,623, and \$1,375, respectively. Equipment purchases are capitalized at cost. Property and equipment lives are estimated as follows: buildings, 40 years; leasehold and building improvements, shorter of 20 years or lease life; furniture, fixtures and equipment, 5 to 10 years; games, 5 years.

GOODWILL - Goodwill of \$9,708 is being amortized over 30 years. Whenever there is an indication of impairment, the Company evaluates the recoverability of goodwill using future undiscounted cash flows.

DEPRECIATION AND AMORTIZATION - Property and equipment, excluding most games, are depreciated on the straight-line method over the estimated useful life of the assets. Games are generally depreciated on the 150%-double-declining-balance method over the estimated useful lives of the assets. Intangible assets are amortized on the straight-line method over estimated useful lives as follows: trademarks over statutory lives; lease rights over remaining lease terms.

INTEREST RATE SWAP AGREEMENTS - The Company enters into interest rate swap agreements to effectively convert a portion of its variable-rate borrowings into fixed-rate obligations. The interest rate differential to be received or paid is recognized over the lives of the agreements as an adjustment to interest expense.

INCOME TAXES - The Company uses the liability method 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 have been recognized in the financial statements and as measured by the provisions of enacted tax laws.

F-5

31

STOCK OPTION PLAN - The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related Interpretations in accounting for its employee stock options because the alternative fair value accounting provided for under SFAS No. 123, "Accounting for Stock-Based Compensation", requires use of option valuation models that were not developed for use in valuing employee stock options. Under APB 25, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized.

REVENUE RECOGNITION - Foreign license revenues are deferred until the Company fulfills its obligations under license agreements, which is upon the opening of the Complex. The license agreements provide for continuing royalty fees based on percentage of gross revenues and are recognized when assured. Food, beverage and amusement revenues are recorded at point of sale.

TREASURY STOCK - During fiscal 1999, the Company's Board of Directors approved a plan to repurchase up to 1,000 shares of the Company's common stock. Pursuant to the plan, the Company repurchased 175 shares of its common stock for approximately \$1,846.

NOTE 2: PROPERTY AND EQUIPMENT

	2000	1999
Land .....	\$ 11,308	\$ 11,308
Buildings .....	56,023	55,067
Leasehold and building improvements	110,559	81,077
Games .....	69,970	54,472
Furniture, fixtures, and equipment	72,723	56,597
Construction in progress .....	17,914	27,250
-----		
Total cost .....	338,497	285,771
Accumulated depreciation .....	(78,030)	(53,555)
-----		
	\$ 260,467	\$ 232,216

NOTE 3: ACCRUED LIABILITIES

Accrued liabilities consist of the following:

2000

1999

Payroll .....	\$1,873	\$ 436
Sales and use tax .....	1,618	2,063
Real estate tax .....	1,873	1,744
Other .....	1,686	615
-----		
	\$7,050	\$4,858

F-6

32

NOTE 4: LONG-TERM DEBT

In 2000, the Company secured a new \$110,000 senior secured revolving credit and term loan facility. This facility replaced the existing \$100,000 secured revolving line of credit. The facility includes a five-year revolver and five-year and seven-year term debt. Borrowing under the facility bears interest at a floating rate based on LIBOR or, at the Company's option, the bank's prime rate plus, in each case, a margin based upon financial performance (9.7% at February 4, 2001) and is secured by all assets of the Company. The new facility has certain financial covenants including a minimum consolidated tangible net worth level, a maximum leverage ratio, minimum fixed charge coverage and maximum level of capital expenditures. At February 4, 2001, \$1,300 was available under this facility. The fair value of the Company's long-term debt approximates its carrying value.

The Company entered into an agreement that expired in 1999, to fix its variable-rate debt to fixed-rate debt on notional amounts aggregating \$45,000. In 1999, the Company terminated the agreement resulting in a \$40 gain.

NOTE 5: INCOME TAXES

	2000	1999	1998
Current expense			
Federal .....	\$5,077	\$4,242	\$3,188
State and local .....	750	496	622
Deferred tax expense .....	1,182	986	4,159
-----			
Total provision for income taxes	\$7,009	\$5,724	\$7,969

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

	2000	1999	1998
Accelerated depreciation .....	\$ 9,474	\$ 7,475	\$ 6,215
Preopening costs .....	--	--	2,928
Prepaid expenses .....	129	130	131
Capitalized interest costs .....	1,281	1,346	1,022
-----			
Total deferred tax liabilities	10,884	8,951	10,296
Worker's compensation .....	304	330	183
Leasing transactions .....	1,500	791	394
Other .....	184	116	63
-----			
Total deferred tax assets ....	1,988	1,237	640
-----			
Net deferred tax liability .....	\$ (8,896)	\$ (7,714)	\$ (9,656)

Reconciliation of federal statutory rates to effective income tax rates:

	2000	1999	1998
Federal corporate statutory rate ....	35.0%	35.0%	35.0%
State and local income taxes, net of federal income tax benefit ..	2.2%	2.1%	1.9%
Goodwill amortization and other nondeductible expenses .....	2.1%	2.2%	1.5%
Tax credits .....	(2.0)%	(1.9)%	(1.4)%
Effect of change in deferred tax rate	(1.9)%	(2.4)%	(1.5)%
Other .....	1.0%	1.7%	1.5%
-----	-----	-----	-----
Effective tax rate .....	36.4%	36.7%	37.0%

F-7

33

NOTE 6: LEASES

The Company leases certain properties and equipment under operating leases. Some of the leases include options for renewal or extension on various terms. All leases require the Company to pay property taxes, insurance and maintenance of the leased assets. Some leases have provisions for additional percentage rentals based on revenues; however, payments of percentage rent were minimal during the three-year period ended February 4, 2001. For 2000, 1999, and 1998, rent expense for operating leases was \$14,295, \$11,119, and \$8,267, respectively. At February 4, 2001, future minimum lease payments required under operating leases are \$15,431, 2001; \$15,328, 2002; \$14,395, 2003; \$14,155, 2004; \$14,479, 2005; and \$206,722, thereafter.

NOTE 7: COMMON STOCK

In 1995, the Company adopted the Dave & Buster's, Inc. 1995 Stock Option Plan (the "Plan") covering 675 shares of common stock. In 1997 and 1998, the Company increased the shares of common stock covered by the Plan to 1,350 and 2,350, respectively. The Plan provides that incentive stock options may be granted at option prices not less than fair market value at date of grant (110% in the case of an incentive stock option granted to any person who owns more than 10% of the total combined voting power of all classes of stock of the Company). Non-qualified stock options may not be granted for less than 85% of the fair market value of the common stock at the time of grant and are primarily exercisable 20% per year after one year from the date of the grant.

In 1996, the Company adopted a stock option plan for outside directors (the "Directors Plan"). A total of 150 shares of common stock are subject to the Directors Plan. The options granted under the Directors Plan vest ratably over a three-year period.

In 2000, the Company amended and restated the Dave & Buster's, Inc. 1995 Stock Incentive Plan to allow the Company to grant restricted stock awards. These restricted stock awards will fully vest at the end of the vesting period or the attainment of one or more performance targets established by the Company. Recipients are not required to provide consideration to the Company other than render service and have the right to vote the shares and to receive dividends. The Company issued 267 shares of restricted stock at a market value of \$6.75 which vest at the earlier of attaining certain performance targets or seven years. The total market value of the restricted shares, as determined at the date of issuance, is treated as unearned compensation and is charged to expense over the vesting period. Year to date, the charge to expense for the unearned compensation was \$243.

Pro forma information regarding net income and earnings per common share is required by SFAS 123, and has been determined as if the Company had accounted for its employee stock options under the fair value method. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 2000, 1999, and 1998, respectively: risk-free interest rates of 6.30%, 5.39%, and 5.36%; dividend yields of 0.0%; volatility factors of the expected market price of the Company's common stock of .740, .494, and .386; and a weighted-average life of the option of 2.7, 4.4, and 4.8 years.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because

the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

F-8

34

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. Because SFAS 123 requires, compensation expense to be recognized over the vesting period, the impact on pro forma net income and pro forma earnings per common share as reported below may not be representative of pro forma compensation expense in future years. The Company's pro forma information follows:

	2000	1999	1998
Net income, as reported .....	\$ 12,245	\$ 5,205	\$ 13,578
Pro forma net income .....	\$ 10,018	\$ 3,627	\$ 12,699
Basic net income per share, as reported .	\$ .95	\$ .40	\$ 1.04
Pro forma basic net income per share ....	\$ .77	\$ .28	\$ .97
Diluted net income per share, as reported	\$ .94	\$ .39	\$ 1.03
Pro forma diluted net income per share ..	\$ .77	\$ .27	\$ .96

A summary of the Company's stock option activity, and related information is as follows:

	2000		1999		1998	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Outstanding - beginning of year	1,166	\$17.24	1,145	\$16.82	949	\$14.88
Granted	674	\$ 7.49	734	\$18.10	395	\$20.89
Exercised	--	--	(59)	\$12.88	(50)	\$11.88
Forfeited	(408)	\$12.77	(154)	\$20.09	(149)	\$16.92
Outstanding - end of year	1,932	\$14.78	1,666	\$17.24	1,145	\$16.82
Exercisable - end of year	642	\$17.37	516	\$14.87	332	\$13.59
Weighted-average fair value of options granted during the year		\$ 3.96		\$ 8.36		\$ 8.56

As of February 4, 2001, exercise prices for 1,052 options and 880 options ranged from \$6.25 to \$15.50 and \$18.38 to \$27.56, respectively. The weighted-average remaining contractual life of the options is 7.7 years.

Under a Shareholder Protection Rights Plan adopted by the Company, each share of outstanding common stock includes a right which entitles the holder to purchase one one-hundredth of a share of Series A Junior Participating Preferred Stock for seventy five dollars. Rights attach to all new shares of commons stock whether newly issued or issued from treasury stock and become exercisable only under certain conditions involving actual or potential acquisitions of the Company's common stock. Depending on the circumstances, all holders except the acquiring person may be entitled to 1) acquire such number of share of Company common stock as have a market value at the time of twice the exercise price of each right, or 2) exchange a right for one share of Company common stock or one one-hundredth of a share of the Series A Junior Participating Preferred Stock, or 3) receive shares of the acquiring company's common stock having a market value equal to twice the exercise price of each right. The rights remain in existence until ten years after the Distribution, unless they are redeemed (at one cent per right).

F-9

35

NOTE 8: EARNINGS PER SHARE

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

	2000	1999	1998
Numerator-Net Income	\$12,245	\$ 5,205	\$13,578
-----			
Denominator:			
Denominator for basic net income per share - Weighted average shares	12,953	13,054	13,053
Effect of dilutive securities - employee stock options	33	160	193
-----			
Denominator for diluted earnings per share - adjusted weighted average shares	12,986	13,214	13,246
Basic net income per share	\$ .95	\$ .40	\$ 1.04
Diluted net income per share	\$ .94	\$ .39	\$ 1.03

Options to purchase 1,346, 925 and 404 shares of common stock for 2000, 1999, and 1998, respectively, were not included in the computation of diluted net income per share because the options would have been antidilutive.

#### NOTE 9: RELATED PARTY ACTIVITY

In April 1998, a limited liability litigation corporation owned by the creditors of Edison Brothers filed a lawsuit against the Company and related parties, seeking recovery in connection with the spin-off and certain related transactions. In August 1998, the Company settled the litigation with the limited liability corporation. In full and final settlement of all claims, the Company paid \$2,244 and charged such amount to paid in capital because all alleged claims were associated with the spin-off transactions.

During 2000, the Company was party to a consulting agreement with Sandell Investments ("Sandell"), a partnership whose controlling partner is a director of the Company. Sandell advises the Company with respect to expansion and site selection, market analysis, improvement and enhancement of the Dave & Buster's concept and other similar and related activities. Annual fees of \$125 were paid to Sandell in 2000, 1999, and 1998, the maximum fee provided for under the agreement.

The Company was a party to a sale/leaseback transaction with Cypress Equities, Inc. for its San Diego, California location whereby the Company received \$8,000 in exchange for committing to lease payments of approximately \$6,300 over 20 years with options for renewal. A director of the Company is the managing member of Cypress Equities, Inc. Payments to Cypress Equities, Inc. in 2000 were \$167.

F-10

36

#### NOTE 10: EMPLOYEE BENEFIT PLAN

The Company sponsors a plan to provide retirement benefits under the provision of Section 401(k) of the Internal Revenue Code (the 401(k) Plan) for all employees who have completed a specified term of service. Company contributions may range from 0% to 100% of employee contributions, up to a maximum of 6% of eligible employee compensation, as defined. Employees may elect to contribute up to 20% of their eligible compensation on a pretax basis. Benefits under the 401(k) Plan are limited to the assets of the 401(k) Plan.

#### NOTE 11: CONTINGENCIES

The Company is subject to certain legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to all actions will not materially affect the consolidated results of operations or financial condition of the Company.

#### NOTE 12: QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Fiscal 2000	First	Second	Third	Fourth
Total revenues.....	\$77,849	\$77,566	\$79,244	\$97,644
Income before provision for income taxes.....	4,565	3,397	2,368	8,924
Net income.....	2,890	2,150	1,499	5,706
Basic net income per share.....	\$ .22	\$ .17	\$ .12	\$ .44
Basic weighted average shares outstanding.....	12,953	12,953	12,953	12,953
Diluted net income per share.....	\$ .22	\$ .17	\$ .12	\$ .44

Diluted weighted average shares outstanding....	12,960	12,954	12,974	13,077
---	--------	--------	--------	--------

Fiscal 1999	First	Second	Third	Fourth
Total revenues.....	\$ 59,700	\$57,617	\$58,988	\$70,829
Income before provision for income taxes and cumulative effect of a change in an accounting principle.....	6,052	3,124	361	6,079
Income before cumulative effect of a change in an accounting principle.....	3,813	1,990	229	3,860
Net income (loss).....	(874)	1,990	229	3,860
Basic net income per share.....				
Income before accounting change.....	\$ .29	\$ .15	\$ .02	\$ .30
Net income (loss).....	(.07)	.15	.02	.30
Basic weighted average shares outstanding.....	13,072	13,111	13,076	12,956
Diluted net income per share				
Income before accounting change.....	\$ .29	\$ .15	\$ .02	\$ .30
Net income (loss).....	(.07)	.15	.02	.30
Diluted weighted average shares outstanding....	13,276	13,461	13,163	12,957

F-11

37

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

THE BOARD OF DIRECTORS AND STOCKHOLDERS  
DAVE & BUSTER'S, INC.

We have audited the accompanying consolidated balance sheets of Dave & Buster's, Inc. as of February 4, 2001 and January 30, 2000, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended February 4, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dave & Buster's, Inc. at February 4, 2001 and January 30, 2000 and the consolidated results of its operations and its cash flows for each of the three years in the period ended February 4, 2001, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Dallas, Texas  
March 28, 2001

F-12

38

INDEX TO EXHIBITS

Exhibit

-----

- 3.1 Restated Articles of Incorporation of the Company. (1)
- 3.2 Bylaws of the Company. (1)
- 10.1 Revolving Credit and Term Loan Agreement, dated June 30, 2000, among the Company and its subsidiaries, Fleet National Bank (as agent) and the financial institutions named therein. (2)
- 10.7 Rights Agreement between the Company and Rights Agent, dated June 16, 1995. (1)
- 10.8 1995 Stock Option Plan (As Amended and Restated April 26, 2000). (3)
- 10.9 Stock Option Plan for Outside Directors. (5)
- 10.11 Employment and Executive Retention Agreements for Co-Chief Executive Officers, dated June 16, 1995. (4)
- 10.12 Form of Indemnity Agreements with Executive Officers and Directors. (6)
- 21.1 Subsidiaries of the Company. (4)
- 23 Independent Auditors' Consent. (4)
- 99 Proxy Statement, dated May 4, 2001. (7)

26

39

-----

- (1) Filed as an Exhibit to the registrant's Form 10-Q for the 13-week period ended April 30, 1995 and incorporated herein by reference.
- (2) Filed as an Exhibit to the registrant's Form 10-Q for the 13-week period ended July 30, 2000 and incorporated herein by reference.
- (3) Filed as an Exhibit to the registrant's Proxy Statement dated April 28, 2000 and incorporated herein by reference.
- (4) Filed herewith.
- (5) Filed as an Exhibit to the registrant's Form 10-K for the 52 week period ended February 1, 1997 and incorporated herein by reference.
- (6) Filed as an Exhibit to the registrant's Form 10 filed April 11, 1995 and incorporated herein by reference.
- (7) To be filed with the Commission on or before June 4, 2001.

27

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (herein the "Agreement") is made as of the 3rd day of April, 2000, by and between DAVE & BUSTER'S, INC. (the "Corporation") and James W. Corley (the "Employee").

## RECITALS

A. The Corporation has offered continued employment to Employee for what it believes to be a reasonable compensation package in light of the required duties, responsibilities and restrictions. Employee has accepted such offer of continued employment subject to the terms set forth herein.

B. The Corporation and Employee desire to set forth in writing the terms and conditions of their agreements and understandings with respect to the continued employment of Employee by the Corporation.

## AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual premises and the covenants and promises contained herein, as well as good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation and Employee hereby agree as follows:

1. Employment. The Corporation hereby employs, engages and hires Employee, and Employee hereby accepts such employment and agrees to such hiring and engagement, upon the terms and conditions hereinafter set forth.

2. Duties. Employee shall be employed as Co-Chief Executive Officer and Chief Operating Officer of the Corporation for the entire term of his employment as set forth in this Agreement and shall faithfully and to the best of his abilities perform the following duties:

2.1 Employee shall have supervisory and oversight responsibility for the Corporation. He shall have active management of the business and affairs of the Corporation. He shall see that all orders and resolutions of the Board of Directors of the Corporation (herein "Board of Directors") are carried into effect.

2.2 Employee shall, when authorized by the Board of Directors, when required by law or when the ordinary conduct of the Corporation's business requires, execute, in the name of the Corporation, such contracts, documents, papers or instruments on behalf of the Corporation to further its operations and business interests.

2.3 Employee shall perform such other duties and responsibilities as may be prescribed from time to time by the Board of Directors. Such other executive duties or

1

2

responsibilities shall be consistent with the duties of the office of Co-Chief Executive Officer and Chief Operating Officer.

Employee shall devote substantially all of his time and attention to the Corporation's business and affairs to carry out such responsibilities and shall not engage in any active management role or own, directly or indirectly, more than a ten percent (10%) interest in any other business activity except as authorized by the Board of Directors.

3. Term. The initial term of the employment of Employee by the Corporation pursuant to this Agreement shall begin on the date hereof and shall continue for an initial period of one year, unless sooner terminated as hereinafter provided. Unless terminated as hereinafter provided, the term of this Agreement shall be continually renewed after the initial term on a rolling one year basis such that at any point in time there shall always be a period of one year remaining on the term of this Agreement.

#### 4. Compensation.

4.1 Pre-termination. The Corporation shall pay Employee a salary (payable in accordance with the Corporation's usual payment practices, but not less frequently than monthly) for his services under this Agreement beginning at an annual rate from the date hereof of Four Hundred Thousand Dollars (\$400,000.00). Employee's annual salary may not be decreased but may be adjusted upward at any time by the Board of Directors of the Corporation. Compensation to Employee hereunder shall be prorated for any partial employment period. Employee shall also participate in the executive incentive bonus plan and in any other bonus arrangement mutually agreed between Employee and Corporation.

4.2 Post-termination. Upon each of the first ten (10) anniversary dates of the termination of this Agreement, Corporation shall pay to Employee, or Employee's estate in the event of Employee's death, the sum of One Hundred Thousand Dollars (\$100,000.00). In exchange therefor, Employee, on behalf of himself and his heirs, grants to Corporation the right to use the personal identity of Employee in connection with the Corporation's marketing concept for such ten year period. The provisions of this Paragraph 4.2 shall be treated as if deleted from this Agreement if Employee's employment is terminated for Cause pursuant to Paragraph 7.3.

5. Benefits. In addition to the compensation provided in Paragraph 4, Corporation shall provide Employee with the benefits described herein. The amounts provided are a minimum and shall not be reduced during the term hereof, but may be increased by the Board of Directors or the Compensation Committee appointed by the Board of Directors.

5.1 Automobile. During the term of this Agreement, the Corporation shall provide an automobile allowance to Employee of Fifteen Thousand Dollars (\$15,000.00) per fiscal year (with a pro rated amount for any partial fiscal year).

2

3

5.2 Vacations, Holidays, Etc. During the term of this Agreement, Employee shall be entitled to six (6) weeks vacation per calendar year. Unused vacation periods may not be carried over to subsequent years.

5.3 Health Insurance and Death Benefits. Employee shall be provided group medical and life insurance comparable to the standard medical and life insurance coverage afforded other senior executive officers of the Corporation. The Corporation shall also provide Employee with an allowance of Seven Thousand Five Hundred Dollars (\$7,500.00) per fiscal year (with a pro rata amount for any partial fiscal year) for his use in purchasing additional insurance coverage for medical, dental, hospitalization and death benefits or in payment of any uninsured expenses or deductible payments not covered by the medical insurance provided hereunder.

5.4 Disability Insurance. Employee shall be provided group disability insurance comparable to the standard disability insurance coverage afforded other senior executive officers of the Corporation. The Corporation shall also provide Employee with an allowance of Four Thousand Five Hundred Dollars (\$4,500.00) per fiscal year (with a pro rated amount for any partial fiscal year) to purchase disability insurance.

5.5 Reimbursement of Expenses. Upon submission of appropriate receipts and other documents, the Corporation shall reimburse Employee for the reasonable business expenses (other than automobile expenses) incurred by Employee in fulfilling his duties hereunder.

5.6 Other Benefits. The Corporation shall provide to Employee such benefits, other than those benefits expressly provided for in this Agreement, which are generally made available to other senior executive officers of the Corporation.

#### 6. Non-Compete Agreement.

6.1 Covenant. Employee agrees not to engage in or become an employee of or consultant or adviser of or have any direct or indirect interest in any other person, firm, corporation or other entity engaged in, any business activities directly competitive with the business of the Corporation or any of

its subsidiaries or licensees during the term of his employment by the Corporation and for a period of six (6) months thereafter. The period of time under which the Employee is to be bound by this covenant is hereinafter referred to as the "Non-Compete Period". This restriction shall be applicable with respect to each and every county and metropolitan area in the United States and each country in which a licensee is located. Nothing contained in this Paragraph 6.1 shall restrict Employee from operating a restaurant and/or bar, provided, however, such restaurant and/or bar may not use or operate under any service mark or trade name similar to "Dave & Buster's".

6.2 Employees. During the Non-Compete Period, Employee will not knowingly seek to induce any employee of the Corporation or any of its affiliates to leave his or her employment.

3

4

7. Termination. The employment of Employee hereunder shall terminate prior to the expiration of the term of employment set forth in Paragraph 3 above upon the happening of any one of the following events:

7.1 Death. The death of Employee.

7.2 Disability. The giving of written notice by the Corporation to Employee of the termination of the employment of Employee upon the disability of Employee. For purposes of this Paragraph, "disability of Employee" shall mean the inability of Employee, due to illness, accident or any other physical or mental incapacity, to perform the services provided for hereunder for a period of one hundred eighty (180) consecutive calendar days. The inability of Employee to perform the services provided for hereunder due to his illness, accident or any other physical or mental incapacity shall not constitute a basis for discharge under Paragraph 7.4 of this Agreement except to the extent there is also a basis for discharge under this Paragraph 7.2.

7.3 Cause. The giving of written notice by the Corporation to Employee of the termination of the employment of Employee for cause. For purposes of this Paragraph, "cause" shall mean: (i) a material violation of Corporation policy or a material breach by the Employee of the Employee's obligations under Paragraph 2 (other than as a result of incapacity due to physical or mental illness) that is demonstrably willful and deliberate on the Employee's part, committed in bad faith or without reasonable belief that the action or inaction that constitutes such breach is in the best interests of the Corporation, and, if subject to being effectively remedied, is not remedied in a reasonable period of time after receipt of written notice from the Corporation specifying such breach or violation; or (ii) the conviction of the Employee of a felony involving moral turpitude. Upon Employee's termination pursuant to the foregoing provisions of this Paragraph 7, the Corporation shall promptly pay to Employee (or his estate, heirs or personal representatives), the full amount of his compensation and benefits accrued through the termination date.

7.4 Without Cause. The Corporation may also terminate the employment of Employee hereunder for any other reason upon at least ninety (90) days written notice prior to the expiration of the initial term or any additional one year term provided in Paragraph 3; provided that upon Employee's termination by the Corporation for any reason other than those set forth in Paragraphs 7.1, 7.2, or 7.3, (a "Termination Without Cause"), the Corporation shall, until the Final Payment Date (as hereinafter defined) (i) continue to pay Employee his then current salary pursuant to Paragraph 4 and (ii) pay Employee the greater of: (a) the maximum bonus payable to Employee under the executive incentive plan in effect ninety days prior to such termination, or (b) sixty percent (60%) of the annual salary then in effect, and (iii) provide the benefits described in Paragraphs 5.1, 5.3 and 5.4 or their economic equivalent on a pre-tax basis. The Final Payment Date shall be two years after the date of such termination. Upon Employee's termination pursuant to this Subparagraph 7.4, the Corporation within thirty (30) days shall pay in a lump sum to Employee (or his estate, heirs or personal representative) the full amount of his compensation and benefits computed through the Final Payment Date.

4

5

7.5 Removal from Board of Directors. If, at any time during the term of this Agreement, Employee is removed from the Board of Directors of the

Corporation or at the expiration of his term as a director is not renominated to serve as a director of the Corporation by the Board of Directors of the Corporation (or by any nominating committee of the Board of Directors), and the cause of such removal or failure to nominate is not the result of Employee's unwillingness to serve as a director of the Corporation or any reason set forth in Paragraphs 7.1, 7.2, or 7.3, then Employee may elect to terminate his employment hereunder and such termination shall be deemed a Termination Without Cause.

7.6 By Employee. Employee may elect to terminate his employment hereunder at any time upon at least ninety (90) days written notice prior to the expiration of the initial term or any additional one year term provided in Paragraph 3.

8. Return of Property. Each party shall promptly deliver to the other all of the other's property in its possession after termination of this Agreement.

9. Previous Employment Agreement. The Employment Agreement dated June 16, 1995 between Employee and Corporation (the "Previous Employment Agreement") shall terminate upon effectiveness of this Agreement.

10. Maintenance of Employee's Domicile. Employee shall not be required to relocate his personal residence in order to fulfill his duties under this Agreement without his prior consent. If the Corporation requires Employee to relocate his personal residence without the consent of Employee, Employee may terminate his employment hereunder and such termination shall be deemed a Termination Without Cause.

11. Damages and Irreparable Injury. In the event of a breach of this Agreement by either the Corporation or Employee resulting in damages to the other party, that party may recover from the party breaching the Agreement any and all damages that may be sustained. In the event of a breach of Paragraphs 6 or 12, Employee acknowledges that such a breach may result in irreparable injury and damage to the Corporation that would be difficult, if not impossible, to determine with certainty and specificity, that the Corporation would have no adequate remedy at law therefor and that the Corporation may thereupon (a) obtain such preliminary, temporary or permanent mandatory or restraining injunctions, orders or decrees as are necessary to protect the Corporation against, or on account of, any such breach and (b) obtain any other relief against Employee (including damages) as may be provided by law or in equity.

12. Confidential Information. The Employee shall hold in a fiduciary capacity for the benefit of the Corporation all secret or confidential information, knowledge or data relating to the Corporation or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Employee during the Employee's employment by the Corporation or any of its affiliated companies and which shall not be or have become public knowledge (other than by acts by the Employee or representatives of the Employee in violation of this Agreement). After termination

5

6

of the Employee's employment with the Corporation, the Employee shall not, without the prior written consent of the Corporation or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Corporation and those designated by it. In no event shall an asserted violation of the provisions of this Paragraph 12 constitute a basis for deferring or withholding any amounts otherwise payable to the Employee under this Agreement.

13. Indemnity of Employee. The Corporation shall indemnify and hold Employee harmless for all losses, claims, damages, causes of action and judgments (herein "Losses") sustained by Employee as a direct result of the discharge of his duties required by this Agreement; provided, however, such indemnification shall not cover Losses sustained by Employee as a result of Employee's gross negligence, willful misconduct, fraud or dishonesty.

14. Miscellaneous.

14.1 Waiver. The waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach thereof.

14.2 Headings. Headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

14.3 Counterpart Execution. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

14.4 Assignment. Neither this Agreement, nor any of the rights or obligations of either party hereunder, may be assigned in whole or in part, except with the written consent of the other party; provided, however, that all or any part of the Corporation's right and obligations hereunder may be assigned by the Corporation without the consent of Employee to any affiliate or, if the business or assets of the Corporation are sold to a third party, to such third party, subject to the rights of Employee set forth herein above concerning Employee's option for termination.

14.5 Attorney's Fees and Costs. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which he may be entitled.

14.6 Invalid Provision. If a court of competent jurisdiction determines that any restriction contained in this Agreement is void, illegal or unenforceable, the other provisions shall remain in full force and effect and the provision held to be void, illegal or unenforceable shall be limited so that it shall remain in effect to the extent permissible by law.

6

7

14.7 Modification. No modification, amendment, change or discharge of any term or provision of this Agreement shall be valid or binding unless the same is in writing and signed by all the parties hereto.

14.8 Entire Agreement. Except as otherwise provided in this Subparagraph 14.8, this Agreement constitutes the entire agreement and understanding of the parties on the subject hereof and supersede all prior written and/or oral agreements, representations and understandings related to the subject matter hereof.

This Agreement is entered into at the same time as an agreement styled Executive Retention Agreement ("ERA") between Corporation and Employee. Under the terms of the ERA, the ERA becomes effective upon a "Change of Control" as that term is defined in the ERA. Once the ERA becomes effective and until such time as it ceases to be effective, the ERA shall have precedence over this Agreement in defining the rights and duties of Corporation and Employer; provided, further for clarification, it is not intended that Employee will receive duplicate economic benefits during the time the ERA is effective. The terms of this Agreement not inconsistent with the ERA, including, but not limited to the provisions of Subparagraph 4.2, shall continue to apply. After the ERA ceases to be effective, all terms of this Agreement shall again be effective, unless this Agreement is otherwise terminated.

14.9 Notice. Any notice which either party may wish to give to the other party hereunder shall be deemed to have been given when delivered personally or by commercial courier or three days after being deposited in the mail, certified and with proper postage prepaid, if addressed as follows:

To the Corporation:

Dave & Buster's, Inc.  
2481 Manana Drive  
Dallas, TX 75220  
Attn.: General Counsel

To Employee:

James W. Corley  
5922 Colhurst Street  
Dallas, TX 75230

or to such other address as the parties may designate for themselves from time to time by written notice to the other party given in the aforesaid manner.

14.10 Binding Effect. The provisions hereof shall be binding upon and shall inure to the benefit of Employee, his heirs and personal representatives.

14.11 Affiliate. The term "affiliate" or "affiliates" as used herein shall mean any person, partnership or entity which, directly or indirectly through one or more intermediaries, is controlled by, controls, or is under common control with the person or entity specified.

14.12 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without reference to principles of conflict of laws.

EXECUTED this \_\_\_\_ day of May, 2000.

THE CORPORATION:

DAVE & BUSTER'S, INC., a Missouri corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EMPLOYEE:

\_\_\_\_\_  
Name: James W. Corley

EXECUTIVE RETENTION AGREEMENT

TABLE OF CONTENTS

Section	Page
-----	-----
Table of Contents.....	1
1. Certain Definitions.....	2
2. Control.....	3
3. Employment Period.....	6
4. Terms of Employment.....	7
5. Termination of Employment.....	12
6. Obligations of the Company upon Termination.....	16
7. Non-exclusivity of Rights.....	20
8. Full Settlement; Resolution of Disputes.....	21
9. Limitation on Termination Payment.....	24
10. Confidential Information.....	26
11. Successors.....	27
12. Miscellaneous.....	28

EXECUTIVE RETENTION AGREEMENT

AGREEMENT by and between Dave & Buster's, Inc. (the "COMPANY"), and James W. Corley, (the "EXECUTIVE"), dated as of the 3rd day of April, 2000.

The Compensation Committee of the Company, (the "COMMITTEE"), has determined that it is in the best interests of the Company and its owners to assure that the Company will have the continued dedication of the Executive,

notwithstanding the possibility, threat or occurrence of a Change of Control (as defined in Section 2) of Dave & Buster's, Inc. (the "CORPORATION"). The Committee believes it is imperative to minimize distraction of the Executive resulting from personal uncertainties and risks created by a pending or threatened Change of Control, to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control, and to provide the Executive with compensation and benefits arrangements upon a Change of Control that satisfy the compensation and benefits expectations of the Executive and are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Committee has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Certain Definitions.

(a) The "EFFECTIVE DATE" shall mean the first date during the Change of Control Period (as defined in Section 1(b)) on which a Change of Control occurs. Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if the Executive's employment with the Company is terminated by the Company within ninety (90) days prior to the date on which the Change of Control occurs, then for all purposes of this

Executive Retention Agreement Page 2

11

Agreement the "EFFECTIVE DATE" shall mean the date immediately prior to the date of such termination of employment.

(b) The "CHANGE OF CONTROL PERIOD" shall mean the period commencing on the date hereof and ending on the third anniversary of such date; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "RENEWAL DATE"), the Change of Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice to the Executive that the Change of Control Period shall not be so extended.

2. Control. For the purpose of this Agreement, a "CHANGE OF CONTROL" shall mean:

(a) Acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT")) (a "PERSON") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then outstanding shares of common stock of the Corporation (the "OUTSTANDING COMMON STOCK") or (ii) the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of its directors (the "OUTSTANDING VOTING SECURITIES"); provided, however, that the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Corporation (excluding an acquisition by virtue of the exercise of a conversion privilege), (ii) any acquisition by the Corporation, (iii) any acquisition

Executive Retention Agreement Page 3

12

by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any corporation controlled by the Corporation or (iv) any acquisition by any corporation pursuant to a reorganization, merger or consolidation, if, following such reorganization, merger or consolidation, the conditions described in clauses (i), (ii) and (iii) of subsection (c) of this Section 2 are satisfied; or

(b) Individuals who, as of the date hereof, constitute the Board of Directors of the Corporation (the "INCUMBENT BOARD") cease for any reason to constitute at least a majority of the Board of Directors said Corporation (the "BOARD"); provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this

purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14.A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Approval by the shareholders of the Corporation of a reorganization, merger or consolidation, in each case, unless, following such reorganization, merger or consolidation, (i) more than 50% of the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and more than 50% of the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or

Executive Retention Agreement

Page 4

13

indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Common Stock and Outstanding Voting Securities immediately prior to such reorganization, merger or consolidation in substantially the same proportions as their ownership immediately prior to such reorganization, merger or consolidation, of the Outstanding Common Stock and Outstanding Voting Securities, as the case may be; (ii) no Person (excluding the Corporation, any employee benefit plan (or related trust) of the Corporation or such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 30% or more of the Outstanding Common Stock or Outstanding Voting Securities, as the case may be) beneficially owns, directly or indirectly, 30% or more of the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors; and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) Approval by the shareholders of the Corporation of (i) a complete liquidation or dissolution of the Corporation or (ii) the sale or other disposition of all or substantially all of the assets of the Corporation, other than to a corporation with respect to which, following such sale or other disposition, (A) more than 50% of the then outstanding shares of common stock of such corporation and more than 50% of the combined voting

Executive Retention Agreement

Page 5

14

power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Common Stock and Outstanding Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership immediately prior to such sale or other disposition of the Outstanding Common Stock or Outstanding Voting Securities, as the case may be; (B) no Person (excluding the Corporation and any employee benefit plan (or related trust) of the Corporation or such corporation and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 30% or more of the Outstanding Common Stock or Outstanding Voting Securities, as the case may be) beneficially owns, directly or indirectly, 30% or more of the then outstanding shares of common stock of such corporation or 30% or more of the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors; and (C) at least a majority of the members of the board of directors of such corporation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such sale or other disposition of assets of the Corporation.

3. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company, in accordance with the terms and provisions of this Agreement, for the

period commencing on the Effective Date and ending on the first anniversary of such date (the "EMPLOYMENT PERIOD"). Employment by one or more of the affiliated companies, as hereinafter defined, shall be

Executive Retention Agreement Page 6

15  
considered employment by the Company.

4. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be consistent in all material respects with the most significant of those held, exercised or assigned at any time during the 90-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office that is the headquarters of the Company and is less than 25 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities to the Company. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such

Executive Retention Agreement Page 7

16  
activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not hereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation.

(i) Base Salary. During the Employment period, the Executive shall receive an annual base salary ("ANNUAL BASE SALARY"), which shall be paid in equal installments on a monthly basis, at least equal to twelve times the highest monthly base salary paid or payable to the Executive by the Company and its affiliated companies during the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed at least annually and shall be increased at any time and from time to time as shall be substantially consistent with increases in base salary generally awarded in the ordinary course of business to other peer executives of the Company and its affiliated companies. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term "AFFILIATED COMPANIES" shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to Annual Base Salary, the Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus (the "ANNUAL BONUS") in cash at least equal to the greater of: (a) the maximum bonus that the Executive could have been paid pursuant to the executive incentive bonus plan in effect

Executive Retention Agreement Page 8

17  
ninety (90) days prior to the Effective Date and (b) sixty percent (60%) of the

Annual Base Salary then in effect. Each such Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus.

(iii) Special Bonus. In addition to Annual Base Salary and Annual Bonus payable as herein above provided, if the Executive remains employed with the Company and its affiliated companies through the first anniversary of the Effective Date, the Company shall pay to the Executive a special bonus (the "SPECIAL BONUS") in recognition of the Executive's services during the crucial one-year transition period following the Change of Control. Such Special Bonus shall be an amount in cash equal to the sum of (A) the Executive's Annual Base Salary and (B) the Annual Bonus paid or payable, including by reason of any deferral, to the Executive (and annualized for any fiscal year consisting of less than twelve full months or for which the Executive has been employed for less than twelve full months) for the most recently completed fiscal year during the Employment Period. The Special Bonus shall be paid no later than 30 days following the first anniversary of the Effective Date.

(iv) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies. Such plans, practices, policies and programs shall provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, if any), savings opportunities and retirement benefit

Executive Retention Agreement Page 9

18  
opportunities, in each case, as favorable as the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(v) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated companies. Such plans, practices, policies and programs shall provide the Executive with benefits that are, in each case, as favorable, as the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(vi) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable employment expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in

Executive Retention Agreement Page 10

19  
effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vii) Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 90-day period immediately preceding the Effective Date, or if more favorable to the Executive, as in effect generally at any time thereafter with respect to other

peer executives of the Company and its affiliated companies.

(viii) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company or its affiliated companies at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(ix) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

Executive Retention Agreement Page 11

20

5. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 12(b) of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "DISABILITY EFFECTIVE DATE"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "DISABILITY" shall mean the absence of the Executive from the Executive's full-time duties with the Company for 180 consecutive calendar days as a result of incapacity due to mental or physical illness that is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative (such agreement as to acceptability not to be withheld unreasonably).

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "CAUSE" shall be determined by the Committee in exercise of good faith and reasonable judgment and shall mean (i) a material violation of Company policy or a material breach by the Executive of the Executive's obligations under Section 4(a) (other than as a result of incapacity due to physical or mental illness) that is demonstrably willful and deliberate on the Executive's part, committed

Executive Retention Agreement Page 12

21

in bad faith or without reasonable belief that the action or inaction that constitutes such breach is in the best interests of the Company, and, if subject to being effectively remedied, is not remedied in a reasonable period of time after receipt of written notice from the Company specifying such breach or violation ("NOTE OF BREACH"); or (ii) the conviction of the Executive of a felony involving moral turpitude.

If Company delivers a Notice of Breach to Executive describing the situation to be remedied and Executive fails to remedy such violation or breach within a reasonable period of time (as determined in the Notice of Breach), a Notice of Termination delivered to the Executive subsequent to the Notice of Breach shall become effective retroactively back to the date of delivery of the Notice of Breach to the Executive.

(c) Good Reason. The Executive's employment may be terminated during the Employment Period by the Executive for Good Reason. For purposes of this Agreement, "GOOD REASON" shall mean, without the Executive's express written consent, the occurrence of any one or more of the following:

(i) the assignment to the Executive of any duties, authority or

responsibilities materially inconsistent with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities with the most significant of those held, exercised or assigned at any time during the 90-day period immediately preceding the Effective Date (excluding those duties that are only for the purpose of effecting the Change of Control) or any other action by the Company that results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated action that is insubstantial or inadvertent and that is remedied by the Company promptly after receipt of

Executive Retention Agreement Page 13

22

notice thereof given by the Executive;

(ii) any failure by the Company to comply with any of the provisions of Section 4(b), other than an isolated failure that is insubstantial or inadvertent failure and that is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) the Company's requiring the Executive to be based at any office or location other than that described in Section 4(a)(i)(B);

(iv) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement;

(v) any failure by the Company to obtain a satisfactory agreement from any successor to the Company to assume and agree to perform the Company's obligations under this Agreement, as contemplated in Section 11(c) herein;

(vi) the Company requiring the Executive to engage in excessive travel in comparison to travel required during the 90-day period immediately preceding the Effective Date; or

(vii) a substantial change in organizational reporting relationships as compared to the 90-day period immediately preceding the Effective Date that will have a significant impact on the status, offices, titles and reporting requirements of the Executive.

The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 12(b). For purposes of this Agreement, a

Executive Retention Agreement Page 14

23

"NOTICE OF TERMINATION" means a written notice that (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date of such notice. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance that supports a showing of Good Reason or Cause shall not waive any right of the Executive or the Company hereunder or preclude the Executive or the Company from later asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder. The Company may not terminate the Executive's employment for Cause after the Executive has delivered a Notice of Termination for Good Reason; nor may the Executive terminate employment with Company for Good Reason after Company has delivered a Notice of Termination to the Executive.

(e) Date of Termination. "DATE OF TERMINATION" means (i) if the Executive's employment is terminated by the Company for Cause or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be; (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the date on which the Company notifies the Executive of such termination; and (iii)

if the Executive's employment is terminated by reason of death or Disability, the date of death of the Executive or the Disability Effective Date, as the case may be.

Executive Retention Agreement Page 15

24

6. Obligations of the Company upon Termination.

(a) Good Reason; Other than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason:

(i) The Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

A. The sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the Annual Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) the Special Bonus, if due to the Executive pursuant to Section 4(b)(iii), to the extent not theretofore paid and (4) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), (3) and (4) shall be hereinafter referred to as the "ACCRUED OBLIGATIONS"); and

B. The amount (such amount shall be hereinafter referred to as the "SEVERANCE AMOUNT") equal to two times the sum of (x) the Executive's Annual Base Salary and (y) the Annual Bonus; provided, however, that if the Special Bonus has not been paid to the Executive, such amount shall be increased by the amount of the Special Bonus; and, provided further, that such amount shall be reduced by the present value (determined as provided in Section 280G(d)(4) of the Internal Revenue Code of 1986, as amended (the "CODE")) of any other amount of severance relating to salary or bonus continuation to be

Executive Retention Agreement Page 16

25

received by the Executive upon termination of employment of the Executive under any severance plan, policy or arrangement of the Company; and

C. A separate lump-sum supplemental retirement benefit (the amount of such benefit shall be hereinafter referred to as the "SUPPLEMENTAL RETIREMENT AMOUNT") equal to the difference between (1) the amount payable under any Company retirement plan (or any successor plan thereto) (the "RETIREMENT PLAN"), of which the Executive was a participant, and any supplemental and/or excess retirement plan of the Company and its affiliated companies providing benefits for the Executive (the "SERP") that the Executive would receive if the Executive's employment continued at the compensation level provided for in Sections 4(b)(i) and 4(b)(ii) for the remainder of the Employment Period plus two years, assuming for this purpose that all accrued benefits are fully vested, and (2) the Executive's actual benefit (paid or payable), if any, under the Retirement Plan and the SERP; and

(ii) For the remainder of the Employment Period plus two years, or such longer period as any plan, program, practice or policy may provide, the Company shall continue benefits (or pay the pre-tax economic equivalent) to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Sections 4(b)(v) and 4(b)(vii) if the Executive's employment had not been terminated in accordance with the most favorable plans, practices, programs or policies of the Company and its affiliated companies as in effect and applicable generally to other peer executives and their families during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in

Executive Retention Agreement Page 17

26

effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility (such continuation of such benefits for the applicable period herein set forth shall be hereinafter referred to as "WELFARE BENEFIT CONTINUATION". For purposes of determining eligibility of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until the end of the Employment Period and to have retired on the last day of such period; and

(iii) To the extent not theretofore paid or provided, for the remainder of the Employment Period plus two years, or such longer period as any plan, program, practice or policy may provide, the Company shall timely pay or provide to the Executive and/or the Executive's family any other amounts or benefits (or the pre-tax economic equivalent) required to be paid or provided or which the Executive and/or the Executive's family is eligible to receive pursuant to this Agreement and under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies as in effect and applicable generally to other peer executives of the Company and its affiliated companies and their families during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally thereafter with respect to other peer executives of the Company and its affiliated companies and their families (such other amounts and benefits shall be hereinafter referred to as the "OTHER BENEFITS").

Executive Retention Agreement

Page 18

27

(b) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for (i) payment of Accrued Obligations (which shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination) and the timely payment or provision of the Welfare Benefit Continuation and Other Benefits (excluding, in each case, Death Benefits (as defined below)) and (ii) payment to the Executive's estate or beneficiary, as applicable, in a lump-sum in cash within 30 days of the Date of Termination of an amount equal to (A) the sum of the Severance Amount and the Supplemental Retirement Amount reduced, but not below zero, by (B) the present value (determined as provided in Section 280G(d)(4) of the Code) of any cash amount to be received by the Executive or the Executive's family as a death benefit pursuant to the terms of any plan, policy or arrangement of the Company and its affiliated companies, but not including any proceeds of life insurance covering the Executive to the extent paid for directly or on a contributory basis by the Executive (which shall be paid in any event as an Other Benefit) (the benefits included in this clause (B) shall be hereinafter referred to as the "DEATH BENEFITS").

(c) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for (i) payment of Accrued Obligations (which shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination) and the timely payment or provision of the Welfare Benefit Continuation and Other Benefits (excluding, in each case, Disability Benefits, as defined below) and (ii) payment to the

Executive Retention Agreement

Page 19

28

Executive in a lump sum in cash within 30 days of the Date of Termination of an amount equal to (A) the sum of the Severance Amount and the Supplemental Retirement Amount reduced, but not below zero, by (B) the present value (determined as provided in Section 280G(d)(4) of the Code) of any cash amount to be received by the Executive as a disability benefit pursuant to the terms of any plan, policy or arrangement of the Company and its affiliated companies, but not including any proceeds of disability insurance covering the Executive to the extent paid for directly or on a contributory basis by the Executive (which shall be paid in any event as an Other Benefit) (the benefits included in this clause (B) shall be hereinafter referred to as the "DISABILITY BENEFITS").

(d) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive Annual Base Salary through the Date of Termination plus the amount of any compensation previously deferred by the Executive, in each case to the extent theretofore unpaid. If the Executive terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

7. Non-exclusivity of Rights. Except as provided in Sections 6(a)(ii), 6(b) and 6(c), nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its

Executive Retention Agreement Page 20

29

affiliated companies and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts that are vested benefits or that the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement; Resolution of Disputes.

(a) The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as provided in Section 6(a)(ii), such amounts shall not be reduced if the Executive obtains other employment.

(b) Parties recognize that there may be disputes between them as to whether the circumstances of the Executive's termination are covered by Section 6(a), (b) or (c) as the Executive and/or the Executive's family may contend or are covered by Section 6(d) as Company may contend. In the event of such a dispute, there may be a need for a binding ruling by a neutral decision maker. In such an event, the following shall apply:

(i) If the Executive delivers a Notice of Termination to Company based on Section 6(a), (b) or (c), Company must pay the benefits provided in Section 6 unless

Executive Retention Agreement Page 21

30

Company commences arbitration to resolve the dispute within 30 days of the receipt of a Notice of Termination by the Executive. Failure to commence arbitration within the time stated is deemed an admission by Company of the Executive's reason for termination.

(ii) If Company delivers a Notice of Termination based on Section 6(d), Executive and/or Executive's family must commence arbitration to dispute the terms of such termination. Failure to commence arbitration within 60 days of the receipt of a Notice of Termination from Company is deemed an admission by the Executive of termination pursuant to Section 6(d).

(iii) Arbitration shall be conducted before a panel of three (3) arbitrators sitting in a location selected by the Executive within fifty (50) miles from the location of his job with the Company, in accordance with the rules of the American Arbitration Association then in effect. One arbitrator shall be selected by the Company. One arbitrator shall be selected by the Executive. The third arbitrator shall be selected by the two arbitrators

selected by the Company and the Executive. Judgment may be entered on the award of the arbitrators in any court having proper jurisdiction, and such shall constitute the final, nonappealable decision.

(iv) Company agrees to pay promptly as incurred, to the full extent permitted by law, all legal fees and expenses that the Executive may reasonably incur as a result of any contest by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), including all costs of arbitration, plus in each case interest on any

Executive Retention Agreement

Page 22

31

delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code.

(v) During the pendency of a dispute resolution, Company shall proceed to pay Annual Base Salary and Annual Bonus (referred to collectively as "CONTINUATION BENEFITS") to the Executive and/or the Executive's family or other beneficiaries, as the case may be, as though no such termination had occurred.

(A) If it is determined that the Executive's contention that Section 6(a), (b) or (c) was applicable, no portion of the Continuation Benefits will be recoverable by Company, nor shall any portion of such be credited towards the benefits due (per Section 6) to the Executive. If such a contention is not sustained by the arbitration panel, all Continuation Benefits are recoverable by Company, plus interest at the rate of interest that Company could have earned on amounts paid for such Continuation Benefits.

(B) If it is determined that Company's contention that Section 6(d) was applicable is found to be incorrect, none of the Continuation Benefits shall be credited to the benefits due (per Section 6) to the Executive. If, however, Company's contention that Section 6(d) was applicable is found to be correct, all amounts paid by Company as Continuation Benefits shall be recoverable from Executive plus interest at the rate of interest that Company could have earned on the amounts paid for such Continuation Benefits.

(C) If the Executive does not make payment of the Continuation Benefits and accrued interest due to Company within 60 days following the resolution of the dispute for any amounts recoverable by Company, interest (on the total amount due) shall be due at the lesser of:

Executive Retention Agreement

Page 23

32

(1) The rate published as the Prime Rate in the Wall Street Journal plus one percentage point on the date of receipt of the Notice of Termination; or

(2) The maximum amount of interest allowed by law.

(D) If the Company does not pay any amount due to the Executive hereunder within the time provided, then in addition to such amount, Company shall pay Executive an amount of interest (on the total amount due) at the lesser of:

(1) The rate published as the Prime Rate in the Wall Street Journal plus one percentage point on the date such payment is due; or

(2) The maximum amount of interest allowed by law.

#### 9. Limitation on Termination Payment.

(a) Determination of Termination Payment Limit. Notwithstanding any other provision of this Agreement, if any portion of the Severance Amount or any other payment under this Agreement, or under any other agreement with or plan of the Company (in the aggregate "TOTAL PAYMENTS") would constitute an Excess Parachute Payment, then the payments to be made to the Executive under this

Agreement shall be reduced such that the value of the aggregate Total Payments that the Executive is entitled to receive shall be one dollar (\$1) less than the maximum amount which the Executive may receive without becoming subject to the tax imposed by Section 4999 of the Code, or which the Company may pay without loss of deduction under Section 280G(a) of the Code. However, the payments to be made to the Executive under this Agreement shall be reduced if and only if so reducing the

33

payments results in the Executive receiving a greater net Severance Amount than he would have received had a reduction not occurred and an excise tax been paid pursuant to Code Section 4999. For purposes of this Agreement, the terms "EXCESS PARACHUTE PAYMENT" and "PARACHUTE PAYMENTS" shall have the meanings assigned to them in Section 280G of the Code, and such Parachute Payments shall be valued as provided therein.

(b) Procedure for Establishing Limitation on Termination Payment. Within sixty (60) days following delivery of the Notice of Termination or notice by the Company to the Executive of its belief that there is a payment or benefit due the Executive which will result in an "Excess Parachute Payment", the Executive and the Company, at the Company's expense, shall obtain the opinion of such legal counsel, which need not be unqualified, as the Executive may choose, which sets forth: (i) the amount of the Executive's "Annualized Includible Compensation For The Base Period" (as defined in Code Section 280G(d)(1)); (ii) the present value of the Total Payments; and (iii) the amount and present value of any Excess Parachute Payment. The opinion of such legal counsel may be supported by the opinion of a certified public accounting firm and, if necessary, a firm of recognized executive compensation consultants. Such opinion shall be binding upon the Company and the Executive. In the event that such opinion determines that there would be an Excess Parachute Payment, the Severance Amount hereunder or any other payment determined by such counsel to be includible in Total Payments shall be reduced or eliminated so that under the basis of calculations set forth in such opinion, there will be no Excess Parachute Payment. The provisions of this Section 9(b), including the calculations, notices, and opinion provided for herein shall be based upon the conclusive presumption that: (i) the compensation and benefits provided for herein; and (ii)

34

any other compensation earned prior to the Effective Date of termination by the Executive pursuant to the Company's compensation programs (if such payments would have been made in the future in any event, even though the timing of such payment is triggered by the Change-of-Control), are reasonable.

(c) Subsequent Imposition of Excise Tax. If, notwithstanding compliance with the provisions of Sections 9(a), and 9(b) herein, it is ultimately determined by a court or pursuant to a final determination by the Internal Revenue Service that any portion of the Total Payments is considered to be a Parachute Payment, subject to excise tax under Section 4999 of the Code, which was not contemplated to be a Parachute Payment at the time of payment (so as to accurately determine whether a limitation benefit to the Executive, as provided in Section 9(b) hereof), the Executive shall be entitled to receive a lump sum cash payment sufficient to place the Executive in the same net after-tax position, computed by using the Special Tax Rate (as such term is defined below), that the Executive would have been in had such payment not been subject to such excise tax, and had the Executive not incurred any interest charges or penalties with respect to the imposition of such excise tax. For purposes of this Agreement, the "SPECIAL TAX RATE" shall be the highest effective federal and state marginal tax rates applicable to the Executive in the year in which the payment contemplated under this Section 9 is made.

10. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of

its affiliated companies and which shall not be or have become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

11. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "COMPANY" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this Agreement by operation of law, or otherwise.

(d) Failure of the Company to obtain such assumption and agreement prior to the effective date of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if he had terminated his employment with the Company voluntarily for Good Reason. For the purpose of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

12. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:  
James W. Corley  
5922 Colhurst Street  
Dallas, TX 75230

If to the Company:  
Dave & Buster's, Inc.  
2481 Manana Drive  
Dallas, TX 75220

Attention:  
General Counsel

or to such other address as either party shall have furnished to the other in writing in

accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 5(c)(i)-(v), shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that this Agreement is entered into at the same time as an agreement styled Employment Agreement between Executive and Company. Once this Agreement becomes effective upon a Change of Control, and until such time as it ceases to be effective, this Agreement shall have precedence over the Employment Agreement in defining the rights and duties of Executive and Company.

(g) No provision of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to in writing and signed by the Executive and by an authorized member of the Committee, or by the respective parties' legal representatives and successors.

(h) Simultaneously with the execution of this Agreement, the Company is executing that certain agreement styled "Dave & Buster's, Inc. Executive Retention Agreement Trust". The Company covenants with Executive to: (i) procure the execution by Wachovia Bank of North Carolina, N.A., as Trustee pursuant to such agreement; and (ii) make all payments required of the Company pursuant to such agreement.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Committee, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

\_\_\_\_\_  
James W. Corley

Dave & Buster's, Inc.

By: \_\_\_\_\_

Its: \_\_\_\_\_

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (herein the "Agreement") is made as of the 3rd day of April, 2000, by and between DAVE & BUSTER'S, INC. (the "Corporation") and David O. Corriveau (the "Employee").

RECITALS

A. The Corporation has offered continued employment to Employee for what it believes to be a reasonable compensation package in light of the required duties, responsibilities and restrictions. Employee has accepted such offer of continued employment subject to the terms set forth herein.

B. The Corporation and Employee desire to set forth in writing the terms and conditions of their agreements and understandings with respect to the continued employment of Employee by the Corporation.

#### AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual premises and the covenants and promises contained herein, as well as good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation and Employee hereby agree as follows:

1. Employment. The Corporation hereby employs, engages and hires Employee, and Employee hereby accepts such employment and agrees to such hiring and engagement, upon the terms and conditions hereinafter set forth.

2. Duties. Employee shall be employed as Co-Chief Executive Officer and President of the Corporation for the entire term of his employment as set forth in this Agreement and shall faithfully and to the best of his abilities perform the following duties:

2.1 Employee shall have supervisory and oversight responsibility for the Corporation. He shall have active management of the business and affairs of the Corporation. He shall see that all orders and resolutions of the Board of Directors of the Corporation (herein "Board of Directors") are carried into effect.

2.2 Employee shall, when authorized by the Board of Directors, when required by law or when the ordinary conduct of the Corporation's business requires, execute, in the name of the Corporation, such contracts, documents, papers or instruments on behalf of the Corporation to further its operations and business interests.

2.3 Employee shall perform such other duties and responsibilities as may be prescribed from time to time by the Board of Directors. Such other executive duties or

1

40

responsibilities shall be consistent with the duties of the office of Co-Chief Executive Officer and President.

Employee shall devote substantially all of his time and attention to the Corporation's business and affairs to carry out such responsibilities and shall not engage in any active management role or own, directly or indirectly, more than a ten percent (10%) interest in any other business activity except as authorized by the Board of Directors.

3. Term. The initial term of the employment of Employee by the Corporation pursuant to this Agreement shall begin on the date hereof and shall continue for an initial period of one year, unless sooner terminated as hereinafter provided. Unless terminated as hereinafter provided, the term of this Agreement shall be continually renewed after the initial term on a rolling one year basis such that at any point in time there shall always be a period of one year remaining on the term of this Agreement.

4. Compensation.

4.1 Pre-termination. The Corporation shall pay Employee a salary (payable in accordance with the Corporation's usual payment practices, but not less frequently than monthly) for his services under this Agreement beginning at an annual rate from the date hereof of Four Hundred Thousand Dollars (\$400,000.00). Employee's annual salary may not be decreased but may be adjusted upward at any time by the Board of Directors of the Corporation. Compensation to Employee hereunder shall be prorated for any partial employment period. Employee shall also participate in the executive incentive bonus plan and in any other bonus arrangement mutually agreed between Employee and Corporation.

4.2 Post-termination. Upon each of the first ten (10) anniversary dates of the termination of this Agreement, Corporation shall pay to Employee, or Employee's estate in the event of Employee's death, the sum of One Hundred Thousand Dollars (\$100,000.00). In exchange therefor, Employee, on behalf of himself and his heirs, grants to Corporation the right to use the personal identity of Employee in connection with the Corporation's marketing concept for

such ten year period. The provisions of this Paragraph 4.2 shall be treated as if deleted from this Agreement if Employee's employment is terminated for Cause pursuant to Paragraph 7.3.

5. Benefits. In addition to the compensation provided in Paragraph 4, Corporation shall provide Employee with the benefits described herein. The amounts provided are a minimum and shall not be reduced during the term hereof, but may be increased by the Board of Directors or the Compensation Committee appointed by the Board of Directors.

5.1 Automobile. During the term of this Agreement, the Corporation shall provide an automobile allowance to Employee of Fifteen Thousand Dollars (\$15,000.00) per fiscal year (with a pro rated amount for any partial fiscal year).

2

41

5.2 Vacations, Holidays, Etc. During the term of this Agreement, Employee shall be entitled to six (6) weeks vacation per calendar year. Unused vacation periods may not be carried over to subsequent years.

5.3 Health Insurance and Death Benefits. Employee shall be provided group medical and life insurance comparable to the standard medical and life insurance coverage afforded other senior executive officers of the Corporation. The Corporation shall also provide Employee with an allowance of Seven Thousand Five Hundred Dollars (\$7,500.00) per fiscal year (with a pro rata amount for any partial fiscal year) for his use in purchasing additional insurance coverage for medical, dental, hospitalization and death benefits or in payment of any uninsured expenses or deductible payments not covered by the medical insurance provided hereunder.

5.4 Disability Insurance. Employee shall be provided group disability insurance comparable to the standard disability insurance coverage afforded other senior executive officers of the Corporation. The Corporation shall also provide Employee with an allowance of Four Thousand Five Hundred Dollars (\$4,500.00) per fiscal year (with a pro rated amount for any partial fiscal year) to purchase disability insurance.

5.5 Reimbursement of Expenses. Upon submission of appropriate receipts and other documents, the Corporation shall reimburse Employee for the reasonable business expenses (other than automobile expenses) incurred by Employee in fulfilling his duties hereunder.

5.6 Other Benefits. The Corporation shall provide to Employee such benefits, other than those benefits expressly provided for in this Agreement, which are generally made available to other senior executive officers of the Corporation.

#### 6. Non-Compete Agreement.

6.1 Covenant. Employee agrees not to engage in or become an employee of or consultant or adviser of or have any direct or indirect interest in any other person, firm, corporation or other entity engaged in, any business activities directly competitive with the business of the Corporation or any of its subsidiaries or licensees during the term of his employment by the Corporation and for a period of six (6) months thereafter. The period of time under which the Employee is to be bound by this covenant is hereinafter referred to as the "Non-Compete Period". This restriction shall be applicable with respect to each and every county and metropolitan area in the United States and each country in which a licensee is located. Nothing contained in this Paragraph 6.1 shall restrict Employee from operating a restaurant and/or bar, provided, however, such restaurant and/or bar may not use or operate under any service mark or trade name similar to "Dave & Buster's".

6.2 Employees. During the Non-Compete Period, Employee will not knowingly seek to induce any employee of the Corporation or any of its affiliates to leave his or her employment.

3

42

7. Termination. The employment of Employee hereunder shall terminate prior

to the expiration of the term of employment set forth in Paragraph 3 above upon the happening of any one of the following events:

7.1 Death. The death of Employee.

7.2 Disability. The giving of written notice by the Corporation to Employee of the termination of the employment of Employee upon the disability of Employee. For purposes of this Paragraph, "disability of Employee" shall mean the inability of Employee, due to illness, accident or any other physical or mental incapacity, to perform the services provided for hereunder for a period of one hundred eighty (180) consecutive calendar days. The inability of Employee to perform the services provided for hereunder due to his illness, accident or any other physical or mental incapacity shall not constitute a basis for discharge under Paragraph 7.4 of this Agreement except to the extent there is also a basis for discharge under this Paragraph 7.2.

7.3 Cause. The giving of written notice by the Corporation to Employee of the termination of the employment of Employee for cause. For purposes of this Paragraph, "cause" shall mean: (i) a material violation of Corporation policy or a material breach by the Employee of the Employee's obligations under Paragraph 2 (other than as a result of incapacity due to physical or mental illness) that is demonstrably willful and deliberate on the Employee's part, committed in bad faith or without reasonable belief that the action or inaction that constitutes such breach is in the best interests of the Corporation, and, if subject to being effectively remedied, is not remedied in a reasonable period of time after receipt of written notice from the Corporation specifying such breach or violation; or (ii) the conviction of the Employee of a felony involving moral turpitude. Upon Employee's termination pursuant to the foregoing provisions of this Paragraph 7, the Corporation shall promptly pay to Employee (or his estate, heirs or personal representatives), the full amount of his compensation and benefits accrued through the termination date.

7.4 Without Cause. The Corporation may also terminate the employment of Employee hereunder for any other reason upon at least ninety (90) days written notice prior to the expiration of the initial term or any additional one year term provided in Paragraph 3; provided that upon Employee's termination by the Corporation for any reason other than those set forth in Paragraphs 7.1, 7.2, or 7.3, (a "Termination Without Cause"), the Corporation shall, until the Final Payment Date (as hereinafter defined) (i) continue to pay Employee his then current salary pursuant to Paragraph 4 and (ii) pay Employee the greater of: (a) the maximum bonus payable to Employee under the executive incentive plan in effect ninety days prior to such termination, or (b) sixty percent (60%) of the annual salary then in effect, and (iii) provide the benefits described in Paragraphs 5.1, 5.3 and 5.4 or their economic equivalent on a pre-tax basis. The Final Payment Date shall be two years after the date of such termination. Upon Employee's termination pursuant to this Subparagraph 7.4, the Corporation within thirty (30) days shall pay in a lump sum to Employee (or his estate, heirs or personal representative) the full amount of his compensation and benefits computed through the Final Payment Date.

4

43

7.5 Removal from Board of Directors. If, at any time during the term of this Agreement, Employee is removed from the Board of Directors of the Corporation or at the expiration of his term as a director is not renominated to serve as a director of the Corporation by the Board of Directors of the Corporation (or by any nominating committee of the Board of Directors), and the cause of such removal or failure to nominate is not the result of Employee's unwillingness to serve as a director of the Corporation or any reason set forth in Paragraphs 7.1, 7.2, or 7.3, then Employee may elect to terminate his employment hereunder and such termination shall be deemed a Termination Without Cause.

7.6 By Employee. Employee may elect to terminate his employment hereunder at any time upon at least ninety (90) days written notice prior to the expiration of the initial term or any additional one year term provided in Paragraph 3.

8. Return of Property. Each party shall promptly deliver to the other all of the other's property in its possession after termination of this Agreement.

9. Previous Employment Agreement. The Employment Agreement dated June 16, 1995 between Employee and Corporation (the "Previous Employment Agreement")

shall terminate upon effectiveness of this Agreement.

10. Maintenance of Employee's Domicile. Employee shall not be required to relocate his personal residence in order to fulfill his duties under this Agreement without his prior consent. If the Corporation requires Employee to relocate his personal residence without the consent of Employee, Employee may terminate his employment hereunder and such termination shall be deemed a Termination Without Cause.

11. Damages and Irreparable Injury. In the event of a breach of this Agreement by either the Corporation or Employee resulting in damages to the other party, that party may recover from the party breaching the Agreement any and all damages that may be sustained. In the event of a breach of Paragraphs 6 or 12, Employee acknowledges that such a breach may result in irreparable injury and damage to the Corporation that would be difficult, if not impossible, to determine with certainty and specificity, that the Corporation would have no adequate remedy at law therefor and that the Corporation may thereupon (a) obtain such preliminary, temporary or permanent mandatory or restraining injunctions, orders or decrees as are necessary to protect the Corporation against, or on account of, any such breach and (b) obtain any other relief against Employee (including damages) as may be provided by law or in equity.

12. Confidential Information. The Employee shall hold in a fiduciary capacity for the benefit of the Corporation all secret or confidential information, knowledge or data relating to the Corporation or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Employee during the Employee's employment by the Corporation or any of its affiliated companies and which shall not be or have become public knowledge (other than by acts by the Employee or representatives of the Employee in violation of this Agreement). After termination

5

44

of the Employee's employment with the Corporation, the Employee shall not, without the prior written consent of the Corporation or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Corporation and those designated by it. In no event shall an asserted violation of the provisions of this Paragraph 12 constitute a basis for deferring or withholding any amounts otherwise payable to the Employee under this Agreement.

13. Indemnity of Employee. The Corporation shall indemnify and hold Employee harmless for all losses, claims, damages, causes of action and judgments (herein "Losses") sustained by Employee as a direct result of the discharge of his duties required by this Agreement; provided, however, such indemnification shall not cover Losses sustained by Employee as a result of Employee's gross negligence, willful misconduct, fraud or dishonesty.

14. Miscellaneous.

14.1 Waiver. The waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach thereof.

14.2 Headings. Headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

14.3 Counterpart Execution. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

14.4 Assignment. Neither this Agreement, nor any of the rights or obligations of either party hereunder, may be assigned in whole or in part, except with the written consent of the other party; provided, however, that all or any part of the Corporation's right and obligations hereunder may be assigned by the Corporation without the consent of Employee to any affiliate or, if the business or assets of the Corporation are sold to a third party, to such third party, subject to the rights of Employee set forth herein above concerning Employee's option for termination.

14.5 Attorney's Fees and Costs. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing

party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which he may be entitled.

14.6 Invalid Provision. If a court of competent jurisdiction determines that any restriction contained in this Agreement is void, illegal or unenforceable, the other provisions shall remain in full force and effect and the provision held to be void, illegal or unenforceable shall be limited so that it shall remain in effect to the extent permissible by law.

6

45

14.7 Modification. No modification, amendment, change or discharge of any term or provision of this Agreement shall be valid or binding unless the same is in writing and signed by all the parties hereto.

14.8 Entire Agreement. Except as otherwise provided in this Subparagraph 14.8, this Agreement constitutes the entire agreement and understanding of the parties on the subject hereof and supersede all prior written and/or oral agreements, representations and understandings related to the subject matter hereof.

This Agreement is entered into at the same time as an agreement styled Executive Retention Agreement ("ERA") between Corporation and Employee. Under the terms of the ERA, the ERA becomes effective upon a "Change of Control" as that term is defined in the ERA. Once the ERA becomes effective and until such time as it ceases to be effective, the ERA shall have precedence over this Agreement in defining the rights and duties of Corporation and Employer; provided, further for clarification, it is not intended that Employee will receive duplicate economic benefits during the time the ERA is effective. The terms of this Agreement not inconsistent with the ERA, including, but not limited to the provisions of Subparagraph 4.2, shall continue to apply. After the ERA ceases to be effective, all terms of this Agreement shall again be effective, unless this Agreement is otherwise terminated.

14.9 Notice. Any notice which either party may wish to give to the other party hereunder shall be deemed to have been given when delivered personally or by commercial courier or three days after being deposited in the mail, certified and with proper postage prepaid, if addressed as follows:

To the Corporation:

Dave & Buster's, Inc.  
2481 Manana Drive  
Dallas, TX 75220  
Attn.: General Counsel

To Employee:

David O. Corriveau  
15 Milford Place  
Dallas, TX 75230

or to such other address as the parties may designate for themselves from time to time by written notice to the other party given in the aforesaid manner.

7

46

14.10 Binding Effect. The provisions hereof shall be binding upon and shall inure to the benefit of Employee, his heirs and personal representatives.

14.11 Affiliate. The term "affiliate" or "affiliates" as used herein shall mean any person, partnership or entity which, directly or indirectly through one or more intermediaries, is controlled by, controls, or is under common control with the person or entity specified.

14.12 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without reference to principles of conflict of laws.

EXECUTED this \_\_\_\_ day of May, 2000.

THE CORPORATION:

DAVE & BUSTER'S, INC., a Missouri corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EMPLOYEE:

\_\_\_\_\_  
Name: David O. Corriveau

EXECUTIVE RETENTION AGREEMENT

TABLE OF CONTENTS

Section -----	Page -----
Table of Contents.....	1
1. Certain Definitions.....	2
2. Control.....	3
3. Employment Period.....	6
4. Terms of Employment.....	7
5. Termination of Employment.....	12
6. Obligations of the Company upon Termination.....	16
7. Non-exclusivity of Rights.....	20
8. Full Settlement; Resolution of Disputes.....	21
9. Limitation on Termination Payment.....	24
10. Confidential Information.....	26
11. Successors.....	27
12. Miscellaneous.....	28

Executive Retention Agreement Page 1

EXECUTIVE RETENTION AGREEMENT

AGREEMENT by and between Dave & Buster's, Inc. (the "COMPANY"), and David O. Corriveau, (the "EXECUTIVE"), dated as of the 3rd day of April, 2000.

The Compensation Committee of the Company, (the "COMMITTEE"), has determined that it is in the best interests of the Company and its owners to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined in Section 2) of Dave & Buster's, Inc. (the "CORPORATION"). The Committee believes it is imperative to minimize distraction of the Executive resulting from personal uncertainties and risks created by a pending or threatened Change of Control, to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control, and to provide the Executive with compensation and benefits arrangements upon a Change of Control that satisfy the compensation and benefits expectations of the Executive and are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Committee has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Certain Definitions.

(a) The "EFFECTIVE DATE" shall mean the first date during the Change

of Control Period (as defined in Section 1(b)) on which a Change of Control occurs. Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if the Executive's employment with the Company is terminated by the Company within ninety (90) days prior to the date on which the Change of Control occurs, then for all purposes of this

Executive Retention Agreement Page 2

49

Agreement the "EFFECTIVE DATE" shall mean the date immediately prior to the date of such termination of employment.

(b) The "CHANGE OF CONTROL PERIOD" shall mean the period commencing on the date hereof and ending on the third anniversary of such date; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "RENEWAL DATE"), the Change of Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice to the Executive that the Change of Control Period shall not be so extended.

2. Control. For the purpose of this Agreement, a "CHANGE OF CONTROL" shall mean:

(a) Acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT")) (a "PERSON") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then outstanding shares of common stock of the Corporation (the "OUTSTANDING COMMON STOCK") or (ii) the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of its directors (the "OUTSTANDING VOTING SECURITIES"); provided, however, that the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Corporation (excluding an acquisition by virtue of the exercise of a conversion privilege), (ii) any acquisition by the Corporation, (iii) any acquisition

Executive Retention Agreement Page 3

50

by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any corporation controlled by the Corporation or (iv) any acquisition by any corporation pursuant to a reorganization, merger or consolidation, if, following such reorganization, merger or consolidation, the conditions described in clauses (i), (ii) and (iii) of subsection (c) of this Section 2 are satisfied; or

(b) Individuals who, as of the date hereof, constitute the Board of Directors of the Corporation (the "INCUMBENT BOARD") cease for any reason to constitute at least a majority of the Board of Directors said Corporation (the "BOARD"); provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14.A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Approval by the shareholders of the Corporation of a reorganization, merger or consolidation, in each case, unless, following such reorganization, merger or consolidation, (i) more than 50% of the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and more than 50% of the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or

Executive Retention Agreement Page 4

indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Common Stock and Outstanding Voting Securities immediately prior to such reorganization, merger or consolidation in substantially the same proportions as their ownership immediately prior to such reorganization, merger or consolidation, of the Outstanding Common Stock and Outstanding Voting Securities, as the case may be; (ii) no Person (excluding the Corporation, any employee benefit plan (or related trust) of the Corporation or such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 30% or more of the Outstanding Common Stock or Outstanding Voting Securities, as the case may be) beneficially owns, directly or indirectly, 30% or more of the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors; and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) Approval by the shareholders of the Corporation of (i) a complete liquidation or dissolution of the Corporation or (ii) the sale or other disposition of all or substantially all of the assets of the Corporation, other than to a corporation with respect to which, following such sale or other disposition, (A) more than 50% of the then outstanding shares of common stock of such corporation and more than 50% of the combined voting

power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Common Stock and Outstanding Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership immediately prior to such sale or other disposition of the Outstanding Common Stock or Outstanding Voting Securities, as the case may be; (B) no Person (excluding the Corporation and any employee benefit plan (or related trust) of the Corporation or such corporation and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 30% or more of the Outstanding Common Stock or Outstanding Voting Securities, as the case may be) beneficially owns, directly or indirectly, 30% or more of the then outstanding shares of common stock of such corporation or 30% or more of the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors; and (C) at least a majority of the members of the board of directors of such corporation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such sale or other disposition of assets of the Corporation.

3. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company, in accordance with the terms and provisions of this Agreement, for the period commencing on the Effective Date and ending on the first anniversary of such date (the "EMPLOYMENT PERIOD"). Employment by one or more of the affiliated companies, as hereinafter defined, shall be

considered employment by the Company.

4. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be consistent in all material respects with the most significant of those held, exercised or assigned at any time during the

90-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office that is the headquarters of the Company and is less than 25 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities to the Company. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such

Executive Retention Agreement

Page 7

54

activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not hereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation.

(i) Base Salary. During the Employment period, the Executive shall receive an annual base salary ("ANNUAL BASE SALARY"), which shall be paid in equal installments on a monthly basis, at least equal to twelve times the highest monthly base salary paid or payable to the Executive by the Company and its affiliated companies during the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed at least annually and shall be increased at any time and from time to time as shall be substantially consistent with increases in base salary generally awarded in the ordinary course of business to other peer executives of the Company and its affiliated companies. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term "AFFILIATED COMPANIES" shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to Annual Base Salary, the Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus (the "ANNUAL BONUS") in cash at least equal to the greater of: (a) the maximum bonus that the Executive could have been paid pursuant to the executive incentive bonus plan in effect

Executive Retention Agreement

Page 8

55

ninety (90) days prior to the Effective Date and (b) sixty percent (60%) of the Annual Base Salary then in effect. Each such Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus.

(iii) Special Bonus. In addition to Annual Base Salary and Annual Bonus payable as herein above provided, if the Executive remains employed with the Company and its affiliated companies through the first anniversary of the Effective Date, the Company shall pay to the Executive a special bonus (the "SPECIAL BONUS") in recognition of the Executive's services during the crucial one-year transition period following the Change of Control. Such Special Bonus shall be an amount in cash equal to the sum of (A) the Executive's Annual Base Salary and (B) the Annual Bonus paid or payable, including by reason of any deferral, to the Executive (and annualized for any fiscal year consisting of less than twelve full months or for which the Executive has been employed for less than twelve full months) for the most recently completed fiscal year during the Employment Period. The Special Bonus shall be paid no later than 30 days

following the first anniversary of the Effective Date.

(iv) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies. Such plans, practices, policies and programs shall provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, if any), savings opportunities and retirement benefit

Executive Retention Agreement Page 9

56

opportunities, in each case, as favorable as the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(v) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated companies. Such plans, practices, policies and programs shall provide the Executive with benefits that are, in each case, as favorable, as the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(vi) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable employment expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in

Executive Retention Agreement Page 10

57

effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vii) Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 90-day period immediately preceding the Effective Date, or if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(viii) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company or its affiliated companies at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(ix) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of

the Company and its affiliated companies.

Executive Retention Agreement Page 11

58

5. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 12(b) of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "DISABILITY EFFECTIVE DATE"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "DISABILITY" shall mean the absence of the Executive from the Executive's full-time duties with the Company for 180 consecutive calendar days as a result of incapacity due to mental or physical illness that is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative (such agreement as to acceptability not to be withheld unreasonably).

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "CAUSE" shall be determined by the Committee in exercise of good faith and reasonable judgment and shall mean (i) a material violation of Company policy or a material breach by the Executive of the Executive's obligations under Section 4(a) (other than as a result of incapacity due to physical or mental illness) that is demonstrably willful and deliberate on the Executive's part, committed

Executive Retention Agreement Page 12

59

in bad faith or without reasonable belief that the action or inaction that constitutes such breach is in the best interests of the Company, and, if subject to being effectively remedied, is not remedied in a reasonable period of time after receipt of written notice from the Company specifying such breach or violation ("NOTE OF BREACH"); or (ii) the conviction of the Executive of a felony involving moral turpitude.

If Company delivers a Notice of Breach to Executive describing the situation to be remedied and Executive fails to remedy such violation or breach within a reasonable period of time (as determined in the Notice of Breach), a Notice of Termination delivered to the Executive subsequent to the Notice of Breach shall become effective retroactively back to the date of delivery of the Notice of Breach to the Executive.

(c) Good Reason. The Executive's employment may be terminated during the Employment Period by the Executive for Good Reason. For purposes of this Agreement, "GOOD REASON" shall mean, without the Executive's express written consent, the occurrence of any one or more of the following:

(i) the assignment to the Executive of any duties, authority or responsibilities materially inconsistent with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities with the most significant of those held, exercised or assigned at any time during the 90-day period immediately preceding the Effective Date (excluding those duties that are only for the purpose of effecting the Change of Control) or any other action by the Company that results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated action that is insubstantial or inadvertent and that is remedied by the Company promptly after receipt of

Executive Retention Agreement Page 13

60

notice thereof given by the Executive;

(ii) any failure by the Company to comply with any of the provisions of Section 4(b), other than an isolated failure that is insubstantial

or inadvertent failure and that is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) the Company's requiring the Executive to be based at any office or location other than that described in Section 4(a)(i)(B); (iv) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement; (v) any failure by the Company to obtain a satisfactory agreement from any successor to the Company to assume and agree to perform the Company's obligations under this Agreement, as contemplated in Section 11(c) herein;

(vi) the Company requiring the Executive to engage in excessive travel in comparison to travel required during the 90-day period immediately preceding the Effective Date; or

(vii) a substantial change in organizational reporting relationships as compared to the 90-day period immediately preceding the Effective Date that will have a significant impact on the status, offices, titles and reporting requirements of the Executive.

The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 12(b). For purposes of this Agreement, a

Executive Retention Agreement Page 14

61

"NOTICE OF TERMINATION" means a written notice that (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date of such notice. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance that supports a showing of Good Reason or Cause shall not waive any right of the Executive or the Company hereunder or preclude the Executive or the Company from later asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder. The Company may not terminate the Executive's employment for Cause after the Executive has delivered a Notice of Termination for Good Reason; nor may the Executive terminate employment with Company for Good Reason after Company has delivered a Notice of Termination to the Executive.

(e) Date of Termination. "DATE OF TERMINATION" means (i) if the Executive's employment is terminated by the Company for Cause or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be; (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the date on which the Company notifies the Executive of such termination; and (iii) if the Executive's employment is terminated by reason of death or Disability, the date of death of the Executive or the Disability Effective Date, as the case may be.

Executive Retention Agreement Page 15

62

#### 6. Obligations of the Company upon Termination.

(a) Good Reason; Other than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason:

(i) The Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

A. The sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the

product of (x) the Annual Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) the Special Bonus, if due to the Executive pursuant to Section 4(b)(iii), to the extent not theretofore paid and (4) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), (3) and (4) shall be hereinafter referred to as the "ACCRUED OBLIGATIONS"); and

B. The amount (such amount shall be hereinafter referred to as the "SEVERANCE AMOUNT") equal to two times the sum of (x) the Executive's Annual Base Salary and (y) the Annual Bonus; provided, however, that if the Special Bonus has not been paid to the Executive, such amount shall be increased by the amount of the Special Bonus; and, provided further, that such amount shall be reduced by the present value (determined as provided in Section 280G(d)(4) of the Internal Revenue Code of 1986, as amended (the "CODE")) of any other amount of severance relating to salary or bonus continuation to be

Executive Retention Agreement Page 16

63

received by the Executive upon termination of employment of the Executive under any severance plan, policy or arrangement of the Company; and

C. A separate lump-sum supplemental retirement benefit (the amount of such benefit shall be hereinafter referred to as the "SUPPLEMENTAL RETIREMENT AMOUNT") equal to the difference between (1) the amount payable under any Company retirement plan (or any successor plan thereto) (the "RETIREMENT PLAN"), of which the Executive was a participant, and any supplemental and/or excess retirement plan of the Company and its affiliated companies providing benefits for the Executive (the "SERP") that the Executive would receive if the Executive's employment continued at the compensation level provided for in Sections 4(b)(i) and 4(b)(ii) for the remainder of the Employment Period plus two years, assuming for this purpose that all accrued benefits are fully vested, and (2) the Executive's actual benefit (paid or payable), if any, under the Retirement Plan and the SERP; and

(ii) For the remainder of the Employment Period plus two years, or such longer period as any plan, program, practice or policy may provide, the Company shall continue benefits (or pay the pre-tax economic equivalent) to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Sections 4(b)(v) and 4(b)(vii) if the Executive's employment had not been terminated in accordance with the most favorable plans, practices, programs or policies of the Company and its affiliated companies as in effect and applicable generally to other peer executives and their families during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in

Executive Retention Agreement Page 17

64

effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility (such continuation of such benefits for the applicable period herein set forth shall be hereinafter referred to as "WELFARE BENEFIT CONTINUATION"). For purposes of determining eligibility of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until the end of the Employment Period and to have retired on the last day of such period; and

(iii) To the extent not theretofore paid or provided, for the remainder of the Employment Period plus two years, or such longer period as any plan, program, practice or policy may provide, the Company shall timely pay or provide to the Executive and/or the Executive's family any other amounts or benefits (or the pre-tax economic equivalent) required to be paid or provided or which the Executive and/or the Executive's family is eligible to receive pursuant to this Agreement and under any plan, program, policy or practice or

contract or agreement of the Company and its affiliated companies as in effect and applicable generally to other peer executives of the Company and its affiliated companies and their families during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally thereafter with respect to other peer executives of the Company and its affiliated companies and their families (such other amounts and benefits shall be hereinafter referred to as the "OTHER BENEFITS").

65

(b) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for (i) payment of Accrued Obligations (which shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination) and the timely payment or provision of the Welfare Benefit Continuation and Other Benefits (excluding, in each case, Death Benefits (as defined below)) and (ii) payment to the Executive's estate or beneficiary, as applicable, in a lump-sum in cash within 30 days of the Date of Termination of an amount equal to (A) the sum of the Severance Amount and the Supplemental Retirement Amount reduced, but not below zero, by (B) the present value (determined as provided in Section 280G(d)(4) of the Code) of any cash amount to be received by the Executive or the Executive's family as a death benefit pursuant to the terms of any plan, policy or arrangement of the Company and its affiliated companies, but not including any proceeds of life insurance covering the Executive to the extent paid for directly or on a contributory basis by the Executive (which shall be paid in any event as an Other Benefit) (the benefits included in this clause (B) shall be hereinafter referred to as the "DEATH BENEFITS").

(c) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for (i) payment of Accrued Obligations (which shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination) and the timely payment or provision of the Welfare Benefit Continuation and Other Benefits (excluding, in each case, Disability Benefits, as defined below) and (ii) payment to the

66

Executive in a lump sum in cash within 30 days of the Date of Termination of an amount equal to (A) the sum of the Severance Amount and the Supplemental Retirement Amount reduced, but not below zero, by (B) the present value (determined as provided in Section 280G(d)(4) of the Code) of any cash amount to be received by the Executive as a disability benefit pursuant to the terms of any plan, policy or arrangement of the Company and its affiliated companies, but not including any proceeds of disability insurance covering the Executive to the extent paid for directly or on a contributory basis by the Executive (which shall be paid in any event as an Other Benefit) (the benefits included in this clause (B) shall be hereinafter referred to as the "DISABILITY BENEFITS").

(d) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive Annual Base Salary through the Date of Termination plus the amount of any compensation previously deferred by the Executive, in each case to the extent theretofore unpaid. If the Executive terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

7. Non-exclusivity of Rights. Except as provided in Sections 6(a)(ii), 6(b) and 6(c), nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its

affiliated companies and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts that are vested benefits or that the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

#### 8. Full Settlement; Resolution of Disputes.

(a) The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as provided in Section 6(a) (ii), such amounts shall not be reduced if the Executive obtains other employment.

(b) Parties recognize that there may be disputes between them as to whether the circumstances of the Executive's termination are covered by Section 6(a), (b) or (c) as the Executive and/or the Executive's family may contend or are covered by Section 6(d) as Company may contend. In the event of such a dispute, there may be a need for a binding ruling by a neutral decision maker. In such an event, the following shall apply:

(i) If the Executive delivers a Notice of Termination to Company based on Section 6(a), (b) or (c), Company must pay the benefits provided in Section 6 unless

Executive Retention Agreement

Page 21

Company commences arbitration to resolve the dispute within 30 days of the receipt of a Notice of Termination by the Executive. Failure to commence arbitration within the time stated is deemed an admission by Company of the Executive's reason for termination.

(ii) If Company delivers a Notice of Termination based on Section 6(d), Executive and/or Executive's family must commence arbitration to dispute the terms of such termination. Failure to commence arbitration within 60 days of the receipt of a Notice of Termination from Company is deemed an admission by the Executive of termination pursuant to Section 6(d).

(iii) Arbitration shall be conducted before a panel of three (3) arbitrators sitting in a location selected by the Executive within fifty (50) miles from the location of his job with the Company, in accordance with the rules of the American Arbitration Association then in effect. One arbitrator shall be selected by the Company. One arbitrator shall be selected by the Executive. The third arbitrator shall be selected by the two arbitrators selected by the Company and the Executive. Judgment may be entered on the award of the arbitrators in any court having proper jurisdiction, and such shall constitute the final, nonappealable decision.

(iv) Company agrees to pay promptly as incurred, to the full extent permitted by law, all legal fees and expenses that the Executive may reasonably incur as a result of any contest by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), including all costs of arbitration, plus in each case interest on any

Executive Retention Agreement

Page 22

delayed payment at the applicable Federal rate provided for in Section 7872(f) (2) (A) of the Code.

(v) During the pendency of a dispute resolution, Company shall proceed to pay Annual Base Salary and Annual Bonus (referred to collectively as "CONTINUATION BENEFITS") to the Executive and/or the Executive's family or other beneficiaries, as the case may be, as though no such termination had occurred.

(A) If it is determined that the Executive's contention that Section 6(a), (b) or (c) was applicable, no portion of the Continuation Benefits will be recoverable by Company, nor shall any portion of such be credited towards the benefits due (per Section 6) to the Executive. If such a contention is not sustained by the arbitration panel, all Continuation Benefits are recoverable by Company, plus interest at the rate of interest that Company could have earned on amounts paid for such Continuation Benefits.

(B) If it is determined that Company's contention that Section 6(d) was applicable is found to be incorrect, none of the Continuation Benefits shall be credited to the benefits due (per Section 6) to the Executive. If, however, Company's contention that Section 6(d) was applicable is found to be correct, all amounts paid by Company as Continuation Benefits shall be recoverable from Executive plus interest at the rate of interest that Company could have earned on the amounts paid for such Continuation Benefits.

(C) If the Executive does not make payment of the Continuation Benefits and accrued interest due to Company within 60 days following the resolution of the dispute for any amounts recoverable by Company, interest (on the total amount due) shall be due at the lesser of:

Executive Retention Agreement Page 23

70

- (1) The rate published as the Prime Rate in the Wall Street Journal plus one percentage point on the date of receipt of the Notice of Termination; or
- (2) The maximum amount of interest allowed by law.

(D) If the Company does not pay any amount due to the Executive hereunder within the time provided, then in addition to such amount, Company shall pay Executive an amount of interest (on the total amount due) at the lesser of:

- (1) The rate published as the Prime Rate in the Wall Street Journal plus one percentage point on the date such payment is due; or
- (2) The maximum amount of interest allowed by law.

#### 9. Limitation on Termination Payment.

(a) Determination of Termination Payment Limit. Notwithstanding any other provision of this Agreement, if any portion of the Severance Amount or any other payment under this Agreement, or under any other agreement with or plan of the Company (in the aggregate "TOTAL PAYMENTS") would constitute an Excess Parachute Payment, then the payments to be made to the Executive under this Agreement shall be reduced such that the value of the aggregate Total Payments that the Executive is entitled to receive shall be one dollar (\$1) less than the maximum amount which the Executive may receive without becoming subject to the tax imposed by Section 4999 of the Code, or which the Company may pay without loss of deduction under Section 280G(a) of the Code. However, the payments to be made to the Executive under this Agreement shall be reduced if and only if so reducing the

Executive Retention Agreement Page 24

71

payments results in the Executive receiving a greater net Severance Amount than he would have received had a reduction not occurred and an excise tax been paid pursuant to Code Section 4999. For purposes of this Agreement, the terms "EXCESS PARACHUTE PAYMENT" and "PARACHUTE PAYMENTS" shall have the meanings assigned to them in Section 280G of the Code, and such Parachute Payments shall be valued as provided therein.

(b) Procedure for Establishing Limitation on Termination Payment. Within sixty (60) days following delivery of the Notice of Termination or notice by the Company to the Executive of its belief that there is a payment or benefit due the Executive which will result in an "Excess Parachute Payment", the Executive and the Company, at the Company's expense, shall obtain the opinion of such legal counsel, which need not be unqualified, as the Executive may choose, which sets forth: (i) the amount of the Executive's "Annualized Includible Compensation For The Base Period" (as defined in Code Section 280G(d)(1)); (ii) the present value of the Total Payments; and (iii) the amount and present value of any Excess Parachute Payment. The opinion of such legal counsel may be supported by the opinion of a certified public accounting firm and, if necessary, a firm of recognized executive compensation consultants. Such opinion shall be binding upon the Company and the Executive. In the event that such opinion determines that there would be an Excess Parachute Payment, the Severance Amount hereunder or any other payment determined by such counsel to be includible in Total Payments shall be reduced or eliminated so that under the basis of calculations set forth in such opinion, there will be no Excess Parachute Payment. The provisions of this Section 9(b), including the calculations, notices, and opinion provided for herein shall be based upon the conclusive presumption that: (i) the compensation and benefits provided for herein; and (ii)

Executive Retention Agreement Page 25

72

any other compensation earned prior to the Effective Date of termination by the Executive pursuant to the Company's compensation programs (if such payments would have been made in the future in any event, even though the timing of such payment is triggered by the Change-of-Control), are reasonable.

(c) Subsequent Imposition of Excise Tax. If, notwithstanding compliance with the provisions of Sections 9(a), and 9(b) herein, it is ultimately determined by a court or pursuant to a final determination by the Internal Revenue Service that any portion of the Total Payments is considered to be a Parachute Payment, subject to excise tax under Section 4999 of the Code, which was not contemplated to be a Parachute Payment at the time of payment (so as to accurately determine whether a limitation benefit to the Executive, as provided in Section 9(b) hereof), the Executive shall be entitled to receive a lump sum cash payment sufficient to place the Executive in the same net after-tax position, computed by using the Special Tax Rate (as such term is defined below), that the Executive would have been in had such payment not been subject to such excise tax, and had the Executive not incurred any interest charges or penalties with respect to the imposition of such excise tax. For purposes of this Agreement, the "SPECIAL TAX RATE" shall be the highest effective federal and state marginal tax rates applicable to the Executive in the year in which the payment contemplated under this Section 9 is made.

10. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of

Executive Retention Agreement Page 26

73

its affiliated companies and which shall not be or have become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

11. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "COMPANY" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this Agreement by operation of law, or otherwise.

Executive Retention Agreement Page 27

74

(d) Failure of the Company to obtain such assumption and agreement prior to the effective date of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if he had terminated his employment with the Company voluntarily for Good Reason. For the purpose of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

#### 12. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:  
David O. Corriveau  
15 Milford Place  
Dallas, TX 75230

If to the Company:  
Dave & Buster's, Inc.  
2481 Manana Drive  
Dallas, TX 75220

Attention:  
General Counsel

or to such other address as either party shall have furnished to the other in writing in

Executive Retention Agreement Page 28

75

accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 5(c)(i)-(v), shall not be deemed

to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that this Agreement is entered into at the same time as an agreement styled Employment Agreement between Executive and Company. Once this Agreement becomes effective upon a Change of Control, and until such time as it ceases to be effective, this Agreement shall have precedence over the Employment Agreement in defining the rights and duties of Executive and Company.

(g) No provision of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to in writing and signed by the Executive and by an authorized member of the Committee, or by the respective parties' legal representatives and successors.

76

(h) Simultaneously with the execution of this Agreement, the Company is executing that certain agreement styled "Dave & Buster's, Inc. Executive Retention Agreement Trust". The Company covenants with Executive to: (i) procure the execution by Wachovia Bank of North Carolina, N.A., as Trustee pursuant to such agreement; and (ii) make all payments required of the Company pursuant to such agreement.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Committee, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

\_\_\_\_\_  
David O. Corriveau

Dave & Buster's, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

EXHIBIT 21.1  
SUBSIDIARIES OF THE COMPANY

1. Dave & Buster's of Illinois, Inc., an Illinois corporation
2. Dave & Buster's of Georgia, Inc., a Georgia corporation
3. Dave & Buster's of Pennsylvania, Inc., a Pennsylvania corporation
4. DANB Texas, Inc., a Texas corporation
5. Dave & Buster's of Maryland, Inc., a Maryland corporation
6. Dave & Buster's of California, Inc., a California corporation
7. Dave & Buster's of Colorado, Inc., a Colorado corporation
8. Dave & Buster's of New York, Inc., a New York corporation
9. Dave & Buster's of Florida, Inc., a Florida corporation
10. Dave & Buster's of Pittsburgh, Inc., a Pennsylvania corporation
11. Dave & Buster's of Hawaii, Inc., a Hawaii corporation

## CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-80537 and 333-88183) pertaining to Dave & Buster's Inc. 1995 Stock Option Plan and Employee 401(k) Savings Plan of our report dated March 28, 2001 with respect to the consolidated financial statements of Dave & Buster's Inc. included in this Annual Report (Form 10-K) for the year ended February 4, 2001.

/s/ ERNST & YOUNG LLP

Dallas, Texas  
April 23, 2001