

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

SCHEDULE 13D  
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(A) AND  
AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)

Dave & Buster's, Inc.  
(Name of Issuer)

Common Stock, \$.01 par value  
(Title of Class of Securities)

43-1532756  
(CUSIP Number)

Ezra G. Levin, Esq.  
Kramer Levin Naftalis & Frankel LLP  
919 Third Avenue  
New York, New York 10022  
(212) 715-9100  
(Name, Address and Telephone Number of  
Person Authorized to Receive Notices  
and Communications)

February 20, 2003  
(Date of Event which Requires Filing  
of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report  
the acquisition which is the subject of this Schedule 13D, and is filing this  
schedule because of Rule 13d-1(e), 13d-1(f), or 13d-1(g), check the following  
box: .

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SCHEDULE 13D

CUSIP No. 619429103

1) NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON Dolphin Limited  
Partnership I, L.P.

06-156-7782

2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b)

3) SEC USE ONLY

4) SOURCE OF FUNDS WC

5) CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS  
2(d) OR 2(e)

6) CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON  
WITH

7) SOLE VOTING POWER

1,174,900

8) SHARED VOTING POWER

None

9) SOLE DISPOSITIVE POWER

1,174,900

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10) SHARED DISPOSITIVE POWER none

None

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11) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,174,900

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12) CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

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13) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

8.8%

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14) TYPE OF REPORTING PERSON

PN

SCHEDULE 13D

Item 1. Security and Issuer.

This Statement on Schedule 13D (the "Statement") relates to the common stock, \$.01 par value (the "Common Stock"), of Dave & Buster's, Inc., a Missouri corporation (the "Company"). The principal executive offices of the Company are located at 2481 Manana Drive, Dallas, Texas 75220.

Item 2. Identity and Background.

(a) - (c) This statement is being filed by Dolphin Limited Partnership I, L.P. ("Dolphin").

Dolphin is a Delaware limited partnership formed to engage primarily in the business of investing in corporate securities. The address of the principal business and principal offices of Dolphin is 96 Cummings Point Road, Stamford, Connecticut 06902.

The general partner of Dolphin is Dolphin Associates LLC, a Delaware limited liability company formed to be the general partner of Dolphin and other investing partnerships. The address of the principal business and principal offices of Dolphin Associates LLC is 96 Cummings Point Road, Stamford, Connecticut 06902.

The managing member of Dolphin Associates LLC is Dolphin Holdings Corp. Dolphin Holdings Corp. is a Delaware corporation formed to be the managing member of Dolphin Associates LLC. The address of the principal business and principal offices of Dolphin Holdings Corp. is 96 Cummings Point Road, Stamford, Connecticut 06902. The officers and directors of Dolphin Holdings Corp. and their principal occupations and business addresses are set forth on Schedule I and incorporated by reference in this Item 2.

(d) - (e) During the last five years, neither Dolphin nor any other person identified in response to this Item 2 was convicted in a criminal proceeding (excluding traffic violations and similar misdemeanors) or was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction nor as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or state securities laws or finding any violation with respect to such laws.

(f) Each natural person identified in Item 2 is a citizen of the United States.

Item 3. Source and Amount of Funds or Other Consideration.

All purchases of Common Stock by Dolphin were made in the open market and were funded by working capital. The amount of the funds expended by Dolphin for such purchases was \$11,054,296, inclusive of commissions and execution related costs.

Item 4. Purpose of Transaction.

Dolphin acquired beneficial ownership of the shares of Common Stock to which this Statement relates for investment purposes and to obtain a significant equity interest in the Company.

Dolphin may acquire additional shares or other securities of the Company or sell or otherwise dispose of any or all of the shares or other securities of the Company beneficially owned by it. Dolphin may also take any other action permitted by law with respect to the Company or any of its securities

On March 3, 2003, Dolphin sent a letter to the Board of Directors of the Company (the "Board"). In this letter, Dolphin expressed its view that a majority of the current members of the Board have conflicts of interest and others have track records that do not manifest an ability to deliver shareholder value; that the public record indicates that the special committee of the Board formed for evaluating strategic business and acquisition proposals has neither protected nor promoted shareholder interests; and that operating results and the share price continue to suffer while top management has been richly compensated. The letter also disclosed Dolphin's intention to nominate an independent slate of directors at the 2003 annual meeting, customarily held in June. In this letter, Dolphin also stated that it would view the election of its proposed slate of directors as a mandate from the shareholders of the Company to the Board to:

- o create a "lead director" position to preside over Board sessions held without senior management present and act as the Board's liaison with senior management,
- o enact policies designed to eliminate director conflicts,
- o conduct a thorough review of the prior lengthy sale process and correct its patent shortcomings,
- o reconstitute a special committee of the Board to include some or all of the directors from the new slate for the purpose of aggressively seeking to maximize shareholder value,
- o destagger the Board, and
- o implement other corporate governance improvements.

A copy of such letter is attached hereto as Exhibit 1.

Except as set forth in this Item 4, Dolphin does not have any present plans or proposals that relate to or would result in any of the actions specified in clauses (a) through (j) of the instructions to Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

(a) As of the date hereof, Dolphin owns an aggregate of 1,174,900 shares of Common Stock, representing approximately 8.8% of the 13,293,279 shares of Common Stock reported by the Company in its Form 10-Q filed with the Securities and Exchange Commission on December 17, 2002, to be issued and outstanding as of December 9, 2002.

(b) As of the date hereof, Dolphin has sole voting and dispositive power over the shares of Common Stock beneficially owned by it.

(c) Except as set forth in the attached Schedule II, Dolphin has not effected any transaction in shares of such Common Stock during the 60 days preceding the date hereof.

(d) Not applicable.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

Not applicable.

Item 7. Material to be Filed as Exhibits.

Exhibit No.	Description
- - - - -	- - - - -

1	Letter dated March 3, 2003 to the Board.
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SIGNATURES

After reasonable inquiry and to the best knowledge and belief of the undersigned, the undersigned certifies that the information set forth in this Statement is true, complete and correct.

Dated: March 3, 2003

DOLPHIN LIMITED PARTNERSHIP I, L.P.

by DOLPHIN ASSOCIATES LLC, its  
general partner,

by DOLPHIN HOLDINGS CORP.,  
its managing member,

by: /s/ Donald T. Netter

-----  
Name: Donald T. Netter

Title: Senior Managing Director

SCHEDULE I

Directors and Officers of Dolphin Holdings Corp.

Name and Position -----	Principal Occupation -----	Principal Business Address -----
Donald T. Netter, Director, Senior Managing Director, Chief Executive Officer and President	Senior Managing Director, Chief Executive Officer and President, Dolphin Holdings Corp.	96 Cummings Point Road Stamford, Connecticut 06902
Theodore A. DeBlanco, Managing Director and Senior Vice President	Managing Director and Senior Vice President, Dolphin Holdings Corp.	96 Cummings Point Road Stamford, Connecticut 06902
Brett J. Buckley, Vice President	Vice President, Dolphin Holdings Corp.	96 Cummings Point Road Stamford, Connecticut 06902

SCHEDULE II

Shares purchased by Dolphin Limited Partnership I, L.P.

Date	Number of Shares	Price Per Share	Cost(1)
1/02/03	800	\$8.59250	\$6,874.00
1/03/03	2,500	\$8.61250	\$21,531.25
1/06/03	5,000	\$8.81000	\$44,050.00
1/07/03	2,500	\$8.81000	\$22,025.00
1/08/03	2,500	\$8.71000	\$21,775.00
1/09/03	1,000	\$8.72000	\$8,720.00
1/10/03	1,000	\$8.72000	\$8,720.00
1/13/03	1,000	\$8.72000	\$8,720.00
1/13/03	1,000	\$8.66000	\$8,660.00
1/14/03	2,000	\$8.71000	\$17,420.00
1/15/03	2,000	\$8.69000	\$17,380.00
1/15/03	2,000	\$8.42250	\$16,845.00
1/16/03	2,000	\$8.46250	\$16,925.00
1/17/03	2,000	\$8.55000	\$17,100.00
1/21/03	1,000	\$8.50000	\$8,500.00
1/22/03	1,000	\$8.40000	\$8,400.00
1/23/03	1,000	\$8.36000	\$8,360.00
1/23/03	1,000	\$8.23000	\$8,230.00
1/24/03	1,000	\$8.17000	\$8,170.00
1/24/03	500	\$8.01000	\$4,005.00
1/27/03	500	\$8.08250	\$4,041.25
2/10/03	200	\$7.61250	\$1,522.50
2/11/03	800	\$7.71250	\$6,170.00
2/14/03	1,000	\$7.68250	\$7,682.50
2/20/03	20,000	\$7.76000	\$155,200.00
2/20/03	6,000	\$7.73250	\$46,395.00
2/20/03	1,500	\$7.72250	\$11,583.75
2/20/03	2,400	\$7.71250	\$18,510.00
2/20/03	3,000	\$7.71000	\$23,130.00
2/20/03	12,100	\$7.66750	\$92,776.75
2/20/03	2,900	\$7.65750	\$22,206.75
2/20/03	4,300	\$7.63750	\$32,841.25
2/20/03	11,000	\$7.61750	\$83,792.50
2/20/03	1,000	\$7.59750	\$7,597.50
2/20/03	1,200	\$7.58750	\$9,105.00
2/20/03	1,800	\$7.57750	\$13,639.50
2/20/03	500	\$7.56750	\$3,783.75

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1 Includes commissions.



Date	Number of Shares	Price Per Share	Cost
- - - - -	- - - - -	- - - - -	- - - - -
2/20/03	200	\$7.55750	\$1,511.50
2/21/03	400	\$8.22250	\$3,289.00
2/21/03	1,300	\$8.21250	\$10,676.25
2/21/03	1,300	\$8.20250	\$10,663.25
2/21/03	4,500	\$8.19250	\$36,866.25
2/21/03	500	\$8.18250	\$4,091.25
2/21/03	1,600	\$8.17250	\$13,076.00
2/21/03	1,300	\$8.17100	\$10,622.30
2/21/03	1,600	\$8.16250	\$13,060.00
2/21/03	2,000	\$8.15250	\$16,305.00
2/21/03	9,100	\$8.14250	\$74,096.75
2/21/03	800	\$8.13250	\$6,506.00
2/21/03	300	\$8.06000	\$2,418.00
2/21/03	6,800	\$8.04000	\$54,672.00
2/21/03	200	\$7.94000	\$1,588.00
2/21/03	5,500	\$7.88250	\$43,353.75
2/21/03	7,000	\$7.83000	\$54,810.00
2/24/03	2,700	\$8.26250	\$22,308.75
2/24/03	2,000	\$8.26000	\$16,520.00
2/24/03	2,900	\$8.25560	\$23,941.24
2/24/03	4,200	\$8.25250	\$34,660.50
2/24/03	2,800	\$8.25000	\$23,100.00
2/24/03	13,900	\$8.24250	\$114,570.75
2/24/03	5,200	\$8.24000	\$42,848.00
2/24/03	4,900	\$8.23250	\$40,339.25
2/24/03	300	\$8.23000	\$2,469.00
2/24/03	3,700	\$8.21250	\$30,386.25
2/24/03	2,000	\$8.21100	\$16,422.00
2/24/03	400	\$8.18250	\$3,273.00
2/24/03	1,900	\$8.17000	\$15,523.00
2/24/03	2,200	\$8.16250	\$17,957.50
2/24/03	2,900	\$8.15250	\$23,642.25
2/25/03	7,700	\$8.32000	\$64,064.00
2/25/03	2,300	\$8.31000	\$19,113.00
2/25/03	2,200	\$8.29250	\$18,243.50
2/25/03	10,000	\$8.29000	\$82,900.00
2/25/03	7,000	\$8.28250	\$57,977.50
2/25/03	5,000	\$8.27250	\$41,362.50
2/25/03	3,400	\$8.27000	\$28,118.00
2/25/03	11,000	\$8.26250	\$90,887.50
2/25/03	3,800	\$8.26000	\$31,388.00
2/25/03	600	\$8.25920	\$4,955.52
2/25/03	9,000	\$8.25250	\$74,272.50
2/25/03	4,200	\$8.25000	\$34,650.00
2/25/03	7,600	\$8.24250	\$62,643.00
2/25/03	1,400	\$8.24000	\$11,536.00

Date	Number of Shares	Price Per Share	Cost
- - - - -	- - - - -	- - - - -	- - - - -
2/25/03	2,000	\$8.22250	\$16,445.00
2/26/03	11,900	\$8.31000	\$98,889.00
2/26/03	6,600	\$8.30000	\$54,780.00
2/26/03	5,800	\$8.29000	\$48,082.00
2/26/03	4,200	\$8.28000	\$34,776.00
2/26/03	2,000	\$8.27250	\$16,545.00
2/26/03	2,500	\$8.27000	\$20,675.00
2/26/03	2,900	\$8.26250	\$23,961.25
2/26/03	7,800	\$8.26000	\$64,428.00
2/26/03	500	\$8.25250	\$4,126.25
2/26/03	6,400	\$8.24250	\$52,752.00
2/26/03	1,000	\$8.24150	\$8,241.50
2/26/03	4,400	\$8.24000	\$36,256.00
2/26/03	500	\$8.23000	\$4,115.00
2/26/03	2,200	\$8.22250	\$18,089.50
2/26/03	1,100	\$8.22000	\$9,042.00
2/26/03	1,000	\$8.21250	\$8,212.50
2/27/03	1,200	\$8.31250	\$9,975.00
2/27/03	32,100	\$8.27000	\$265,467.00
2/27/03	37,600	\$8.26250	\$310,670.00
2/27/03	100	\$8.26000	\$826.00
2/27/03	500	\$8.25250	\$4,126.25
2/27/03	1,400	\$8.25000	\$11,550.00
2/27/03	200	\$8.24000	\$1,648.00
2/27/03	1,000	\$8.23250	\$8,232.50
2/27/03	1,000	\$8.22250	\$8,222.50
2/27/03	4,200	\$8.22000	\$34,524.00
2/27/03	3,000	\$8.21250	\$24,637.50
2/28/03	20,000	\$8.31000	\$166,200.00
2/28/03	5,900	\$8.29250	\$48,925.75
2/28/03	7,000	\$8.29220	\$58,045.40
2/28/03	5,000	\$8.29000	\$41,450.00
2/28/03	7,000	\$8.28250	\$57,977.50
2/28/03	20,000	\$8.27000	\$165,400.00
2/28/03	8,900	\$8.26250	\$73,536.25
2/28/03	3,700	\$8.26000	\$30,562.00
2/28/03	1,000	\$8.25250	\$8,252.50
2/28/03	2,000	\$8.24250	\$16,485.00
3/03/03	14,900	\$8.36000	\$124,564.00
3/03/03	1,000	\$8.33000	\$8,330.00
3/03/03	10,400	\$8.32000	\$86,528.00
3/03/03	4,500	\$8.31250	\$37,406.25
3/03/03	1,600	\$8.31000	\$13,296.00
3/03/03	400	\$8.30250	\$3,321.00
3/03/03	2,100	\$8.29250	\$17,414.25
3/03/03	200	\$8.29000	\$1,658.00
3/03/03	500	\$8.28000	\$4,140.00
3/03/03	7,900	\$8.27000	\$65,333.00
3/03/03	4,500	\$8.25250	\$37,136.25

March 3, 2003

VIA FACSIMILE AND FEDERAL EXPRESS

The Board of Directors  
Dave & Buster's, Inc.  
2481 Manana Drive  
Dallas, TX 75220

Gentlemen:

As the Schedule 13D being filed today indicates, Dolphin Limited Partnership I, L.P. ("Dolphin"), which has been a long-time shareholder, now holds 8.8% of the outstanding shares of Dave & Buster's, Inc. ("DAB" or the "Company") and is its single largest shareholder. By the Schedule 13D and this letter, we inform the board and our fellow long-suffering shareholders of our intention to run an independent slate of directors to make corporate governance improvements to promote integrity and accountability at the board and seek to maximize shareholder value.

Although more prevalent, it's still rare for investors to be confronted with such visible abuses of position and discretion that were finally revealed in the background section (pages 16-22) of the Company's revised \$13.50 preliminary merger proxy (Amendment No. 2) filed October 2, 2002. Further, we have compared this section to the relevant sections of the Company's 14D-9 filed on June 4, 2002 (pages 8-11), the preliminary merger proxy filed July 29, 2002 (pages 19-24) and amendment No. 1 to the preliminary merger proxy filed on September 11, 2002 (pages 16-21) and find very material inconsistencies and revelations and, as such, we strongly believe that the pattern of behaviors exhibited therein by certain directors constitutes repeated breaches of the duties of care, loyalty and good faith required of directors under Missouri law.

The above referenced public documents, as well as others, detail the atrocious prior failed sale process by the "Special Committee" (the "Committee") and the entire board, the materially inconsistent and misleading public disclosures, the numerous director conflicts, and the dual standard for top management who continue to be richly compensated and benefit from lucrative stock option, employment and executive retention agreements (that include change in control features). In contrast, the DAB shareholders continue to suffer from a share price that has gone nowhere for the past three years, versus the S&P Smallcap Restaurant Stock Index which has appreciated approximately 52% in the same period.

It is clear to us that this board does not yet appreciate what investors everywhere are seeking and are entitled to in the leadership of their public companies--integrity and accountability. We believe that a director's presumed "business judgment" is not a license to paper-up, by design, a flawed and unethical sale process that seeks to deliver a company at a discounted price to a buyout group that includes certain insiders. We believe that public companies do not exist to serve certain members of senior management and certain directors, but rather, senior management, directors and their advisors exist to faithfully serve their constituents, especially their shareholders. We now believe that the only way to reverse the Company's current direction and promote an honest sale process is for the shareholders to elect new, independent representation on the board.

A Majority of the Board Members are Conflicted  
-----  
and Others have Dubious Track Records  
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We believe that the root of many of DAB's difficulties relate to the facts that a majority of DAB's board have material conflicts while others have dubious track records with regard to maximizing shareholder value. In our view this board does not manifest ability to deliver shareholder value.

The board is comprised of eight directors which are divided into three staggered classes. The \$12/share and \$13.50/share buyout group included three Company directors (the "Buyout Group"): Corriveau (Co-CEO, Co-Chairman of the board and President), Corley (Co-CEO, Co-Chairman of the board and COO) and Henrion. Since 1989, Mr. Henrion has been a paid consultant (he received \$150,000 for 2001) under an agreement expiring in 2005. Why we have two Co-CEO's and two Co-Chairmen at double the cost remains unclear. Mr. Maguire's real estate company, Cypress Equities, Inc., has been involved in real estate

transactions with the Company (in 2001, Cypress Equities, Inc. collected approximately \$1.2 million in rent from the Company) and Mr. Hallet's legal firm performs legal services for the Company from time to time. Technically, that leaves only three non-conflicted directors (Levy, Edison and Bernstein). The five directors (Levy, Maguire, Hallet, Bernstein and Edison) that were not part of the Buyout Group directly own less than .9% of DAB's outstanding shares.

The continuing members of the Committee were Messrs. Levy (Chairman), Edison and Maguire, who, in addition to their stated compensation, were paid in the aggregate \$175,000 to serve on this Committee regardless of completion of a transaction. The Committee initially included Mr. Bernstein but he resigned from the Committee in April 2002 citing his "need to devote more of his time and attention to the sale of Morton's Restaurant Group, Inc. ["MRG"] of which he is the Chairman and Chief Executive Officer." We believe Mr. Maguire should never have been a member of the Committee as he is obviously conflicted by virtue of his ongoing involvement with the Company's real estate.

From 1989 to 1997, Mr. Edison served as a senior officer in various positions and as a director of Edison Brothers Stores, Inc. which was effectively controlled by his family members and their affiliates. Edison Brothers Stores, Inc. was a public company (and the former parent of DAB) that filed for bankruptcy in November 1995.

However, let's not overlook Mr. Bernstein. Dolphin, which owned 6.1% of MRG and along with the other shareholders witnessed the MRG board, in mid-2001, discard a \$28.25/share all cash offer from a private investor group (which was financed by Mr. Carl Icahn) only to see a March 27, 2002 \$12.60/share buyout offer that included senior management (some of whom were directors). In a subsequent public bidding war, this low-ball bid was quickly driven up independently by Mr. Icahn to \$17/share by July 2002. How does one explain two restaurant companies, both of which Mr. Bernstein served as a director, both of which undertook lengthy sale processes, both of which had numerous interested buyers (MRG had 27 interested parties while DAB had 9 interested parties), only to find that a buyout with senior management at a highly discounted price was the only available transaction? What's a trusting shareholder to conclude from these nearly identical fact patterns? It's a travesty when directors and certain members of senior management apparently act in a predatory manner toward the constituents they are morally and legally empowered to protect.

The Special Committee Has Neither Protected nor  
-----  
Promoted Shareholder Interests  
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The Company's October 24, 2002 press release indicated that the "Special Committee of the board, which has been responsible for evaluating strategic business and acquisition proposals, remains in place." On the December 5, 2002 earnings conference call, DAB's senior management indicated that the "Special Committee remains in place upon advice of counsel..." and "...is not actively pursuing anything..." In fact, the public record indicates that, throughout a sale process initiated in 1999, at no time was the Committee or its advisors authorized to, nor did it, conduct an auction despite the receipt of multiple, unsolicited inquiries pertaining to a possible sale of the Company. The Committee always remained in a passive mode, ran only a reactive process and, in our view, permitted certain members of senior management who were also part of the Buyout Group and who were directors to materially direct the process in their favor. We believe the public record clearly demonstrates that certain members of senior management who were directors, the Committee and/or the board

- o in certain cases, required restrictive standstill/confidentiality agreements of potential acquirers, and/or once having executed an agreement, did not provide the relevant information to facilitate the making of a proposal,
- o in the most strident way, pushed away legitimate potential industry and financial acquirers that did not meet their self-serving requirements, and
- o exposed the Company to a dubious merger transaction that was not only subject to financing but also lacked financing commitments and which ultimately failed.

One illustration of the board's flawed and unethical sale process was first revealed in a July 9, 2002 complaint filed in the District Court of Dallas County, Texas. This complaint describes, in painful detail, a series of remarkable events in which Messrs. Corley, Corriveau and Henrion, state to a credible potential industry acquirer that, management "intended to take the Company private themselves." Later, Mr. Corriveau sent to the chairman of this potential acquirer "an outline of the kind of deal a merger would require for management to obtain its goals." That document, among other things, indicated that "D&B's shareholders would receive only \$9 per share and that management earnouts would be 10% of EBITDA contributed by D&B operations for the next five years." Since it was this potential buyer's view that "no one would be entitled to 10% of EBITDA other than its shareholders," they were uninterested in such a transaction.

Remarkably, this and other material background information was omitted from DAB's 14D-9 filed on June 4, 2002, its preliminary proxy filed July 29, 2002 and its Amendment No. 1 filed September 11, 2002. However, the Company's Amendment No. 2, later filed on October 2, 2002, corroborates these facts and substantiates other inappropriate behavior further revealed in this complaint by members of senior management who were part of the Buyout Group and who are directors of the company as well as serious deficiencies in the sale process conducted by the Committee. We believe that conducting a purported sale process with the above outlined actions and inadequate and misleading disclosure of management conflicts and personal agendas is just as serious a breach of fiduciary duty as the improprieties that have come to light regarding many high profile public companies that shareholders, legislators and regulators have been so outraged with.

So, it appears to us that, we have a purported auction which was nothing of the sort, but rather a flawed and unethical process designed to deliver the Company in the most beneficial transaction to certain insiders. This process initially led to a \$12/share tender offer (not subject to financing) from the Buyout Group that was unable to gather the necessary shareholder support with several institutional investors being openly opposed. At that time, a "significant" shareholder put it well by publicly stating, "...selling in a management buyout at such depressed prices essentially permits management to exploit its own lack of execution for financial gain."

After this transaction failed, this not so special Committee quickly accepted a sweetened \$13.50/share merger transaction from the Buyout Group but, this time, the transaction was not only subject to financing but also lacked financing commitments. What was the board thinking? After the Company initiated a sale process in the fall of 1999 following "a significant decline in the share price," incurred \$1.3 million of transaction fees and expenses for the second and third quarters of fiscal 2002 alone, and created a drain on management time and attention, the board accepted a revised merger that was not only subject to financing but also lacked financing commitments precisely when the capital markets were challenged. Worse still, the board declined to facilitate financing for this transaction when it was available by paying \$3.0 million, half the costs associated with a special redemption of the funded senior notes in the event of termination of the merger. On October 24, 2002 this buyout collapsed citing "continuing adverse conditions in the debt financing market." If a proper process had been conducted, the shareholders likely would have been spared this costly saga and who knows what favorable transaction value might have been achieved?

How did the Committee passively sit by and let this happen? How can certain of DAB's directors and senior management place their agenda ahead of the moral and legal obligations to its unaffiliated shareholders?

Operating Results and Share Price Continue to Suffer,  
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While Senior Management Has Been Richly Compensated.  
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On December 5, 2002, the Company announced its fiscal 2002 third quarter financial results. Same store revenue, EBITDA and EPS were all lower than analyst expectations and showed no improvement versus comparable depressed 2001 results.

On DAB's fiscal 2002 third quarter earnings conference call, senior management provided fiscal 2003 (ending January 2004) projections of \$370-\$380 million of revenue, \$53-\$55 million of EBITDA, \$.77-\$.85 of diluted EPS and a modest ending total debt balance of \$51-\$53 million (approximately 24% of projected fiscal 2003 capitalization). These projections reflect -2% to 0% same store revenue growth, no new complex openings, over \$5.0 million of identified annualized cost reductions and were considered by senior management to be "solidly on the conservative side." With the announcement of these already implemented cost savings in such close proximity to the termination of the merger (October 24, 2002), should shareholders conclude that these savings would have only benefited the Buyout Group? What other cost savings exist that shareholders have not yet seen and that might explain the Company's depressed margins? Over the past several years, the gross margin has remained a relatively constant 81.5% while the EBITDA margin has declined from 16.2% for fiscal 2000 to an estimated 12.6% for fiscal 2002.

Although part of the EBITDA margin deterioration may be explained by the three sale/leaseback transactions entered into since calendar 2001 (reducing this margin by approximately 80 basis points) DAB, similar to its benchmark publicly traded competitors, currently leases approximately 84% of its square footage. With a similar percentage of leased square footage but significantly greater average revenue per

square foot (approximately \$235/square foot) than these competitors, DAB's projected fiscal 2003 EBITDA margin of 14% is still lower than these competitors.

Further, on this earnings conference call, the Company stated that it would resume new complex openings with two more in fiscal 2004. Notwithstanding the Company's demonstrated ability to generate significant free cash flow that would facilitate the opening of these and other new complexes, the shares remain comparatively significantly undervalued.

Utilizing a current DAB share price of approximately \$8.25 (now significantly below \$10.59, the closing price prior to the announcement of the \$12 tender offer), and senior management's "conservative" fiscal 2003 projections, we calculate total enterprise value multiples of approximately 0.4 and 3.0 times Revenue and EBITDA, respectively, as well as a P/E ratio of approximately 10 times fiscal 2003 diluted EPS guidance. The current share price is also less than 68% of projected fiscal 2002 tangible book value per share. These valuation multiples are all markedly lower than nearly all of DAB's benchmark publicly traded competitors.

Even though the operating results and share price have slid, DAB's proxy statements indicate that the combined compensation (salary, bonuses, other cash items, and restricted stock) for just Messrs. Corley and Corriveau has climbed from \$775,000 for fiscal 1999 to \$1,742,000 (including restricted stock of \$960,000) for fiscal 2000 and \$1,426,000 for fiscal 2001. Hopefully senior management's compensation for fiscal 2002 and beyond will finally reflect this continued underperformance and the board will not take additional value from the shareholders by granting additional options to members of senior management at this distressed share price level. As of fiscal 2001 there were 2.925 million options outstanding with an \$11.56 average exercise price (representing an excessive 18% of the fully diluted shares). Included in these options are 1.9 million options issued at depressed prices in fiscal years 2000 and 2001 (representing an outsized 13% of the fully diluted shares) with three to five year vesting.

Shareholders Must Act to Promote Board Integrity,

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Accountability and Independence and Maximize Value  
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We recently visited the Company's headquarters and several of its complexes. Prior to our headquarters visit, we were informed that members of DAB's senior management (including either Corley or Corriveau) would meet with us. We were disappointed to learn at the meeting that neither of the Co-CEO's was available to visit with us, one of your largest shareholders. Notwithstanding a two-hour discussion that followed, we still have significant questions as to why DAB's projected fiscal 2003 EBITDA margin of approximately 14% is at the lowest end of the range of its benchmark publicly traded competitors. Further, the discussion of the many publicly disclosed operational missteps and governance deficiencies over the past several years has now crystallized in our mind the need for progressive shareholder action. With years of --

- o poor operating and share price performance,
- o excessive senior management total compensation,
- o numerous director conflicts,
- o materially deficient and misleading public disclosures, and
- o a lengthy, flawed and failed sale process,

we believe DAB's shareholders will appreciate positive change and exercise their exclusive franchise to install new directors through an election process and thereby seek to change the direction of the Company and maximize shareholder value.

Accordingly, Dolphin is sponsoring a slate of three independent directors at the Company's upcoming 2003 annual shareholders' meeting, historically, and in accordance with the Company's bylaws, held in the second week in June. This new independent director slate will be submitted at the appropriate time. As the director terms of Messrs. Corley, Edison and Henrion expire in 2003, the election of the Dolphin sponsored independent director slate would remove two currently conflicted directors, make the total number of non-conflicted directors comprise a majority of the board, provide the shareholders with representation that constitutes a substantial presence on the board (three of eight directors) and create a preferred balance between senior management and independence at the board--certainly a greatly improved governance structure.

Given the Company's remarkable public disclosures of how the sale process was so unfairly directed to favor certain members of senior management who were also directors, we question whether legitimate buyers will now seriously pursue an acquisition of DAB, until there is greater board independence and a newly constituted Committee. Accordingly, this independent director nominee slate will have a mandate to seek to work with the other non-conflicted members of the board to--

- o aggressively improve DAB's operating results,
- o create a "lead director" position to preside over board sessions held without senior management present and act as the board's liaison with senior management,
- o eliminate director conflicts,
- o conduct a thorough review of the prior lengthy sale process and correct its patent shortcomings,
- o reconstitute a special committee to include some or all of the directors from the new slate, for the purpose of aggressively seeking to maximize shareholder value without inappropriate influence from certain members of senior management,
- o destagger the board to provide for the annual election of all directors, creating the accountability to the shareholders that has been so lacking, and
- o implement other corporate governance improvements.

In the interim, we expect that the current board will take no actions that would compromise any shareholder rights or interfere with the ability of shareholders to exercise their exclusive franchise at the 2003 annual meeting customarily held in June.

Very truly yours,

/s/ Donald T. Netter  
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Donald T. Netter  
Senior Managing Director