September 22, 2003

Dear Fellow Owners:

I concluded last year's Annual Report with another commercial for our 30-year old dividend policy. Specifically, I said that, "More and more respected voices are now supporting dividends as a method of rewarding ownership and promoting corporate honesty. Dividends have the benefit of being paid in cash, not accounting fantasy. The disadvantage is that they are subject to double taxation. But tax laws can and should be changed."

Imagine my surprise when the tax treatment of dividends did change. I hope this is only the first step on the part of public policy makers in recognizing the advantages of investors profiting from owning businesses rather than profiting from selling pieces of paper. A dividend allows an owner to profit without selling his assets. If you have to sell your stake to profit, you face a problem of buying something to replace it. If you think you will get a fair shake on that transaction, please count the number of stock exchange members who make the newspapers for violating your trust.

In a classic "fox guarding the hen house" approach, it is the stock exchanges that decide the standards for corporate governance of public companies. The current panacea is control of companies by "independent" directors. I favor "dependent" control of boards. This has nothing to do with honesty. Honesty is not based on the dependence or independence of individual board members. My preference is, however, related to the fact that the "dependent" directors will be more likely to share in any loss caused by their decision making. If a director shares with other owners the risk of loss from the collapse of the enterprise, he or she is more likely to focus on the company's survival.

It is, therefore, satisfying that our policy of increasing dividends at a rate greater than inflation has survived for 31 years and that we have already started on year thirty-two. Our conservative financial management gives us a cushion for the future, but we would clearly prefer to find additional bowling center opportunities for a portion of that cushion.

An emphasis on survival does not mean the avoidance of prudent risk. We have been aggressively working to improve the profitability of our existing centers. We are seeing signs of our broadening appeal to age groups we previously underserved. Our Glow-in-the-Dark bowling continues to be successful and our "All You Can Bowl Nights" made an important contribution to earnings in the second half of the year. Furthermore, we have grown more sophisticated in our promotion of bowling parties. In fact, the web site www.bowlingparty.com belongs to Bowl America and will be running beginning this holiday season.

As often happens, precipitation has influenced our results. While the winter storms closed us down in the North, we gained throughout the spring and the first part of fiscal year 2004 from a record number of rainy days. Customers substituted bowling for outdoor activities. However, Hurricane Isabel provided more rain than our power companies could handle, causing closings in our bowling centers and disruption of the water supply that is essential to selling food.

We will not have the drain caused by the operating losses at the bowling center in Silver Spring, which we have sold. We considered various proposals for remodeling the facility but were not convinced that we could operate profitably even with a major physical upgrade. We look forward to fiscal 2004 as being yet another year during which we can sustain the returns you receive as an owner of this business.

Regards,

Leslie H. Goldberg, *President*