



September 22, 2006

Dear Fellow Owners:

More and more people are coming to Bowl America. They are spending more money. Our sales for bowling related activities and food and beverages were higher than last year, even though we had one fewer fiscal week. This is true even without the sales at our new center.

But the earnings were not up. What we charged did not keep up with what we have to pay for the goods and services we provide our customers. Economists say the pressure of rising costs is abating. If, like me, you go to a local grocery or hardware store, you are not as sanguine. If you have a light switch in your home, you know what is happening with energy costs. Just convert that to the thousands of square feet in the bowling centers that must be brightly lit and ventilated almost year round. Watching our costs will have to be a top priority this year.

Also, some of our best business is done in locations that have been actively used for almost 50 years. This year, some of the oldest buildings required expensive and unpredicted repairs. These buildings, however, are well located for future growth. My guess is you would probably include almost all of our neighborhoods on your list if you were starting to build a new bowling chain. Think how often you read about economic growth and low unemployment in Fairfax and Loudoun Counties and in Richmond.

Another growing item is our dividend. This was the 34th consecutive year of increased dividends per share, which resulted in our being ranked 21st among 19,000 public companies in a recent survey. We are not prepared, however, to view our situation as static. Elsewhere you will see the photographs of our spectacular new Richmond, Virginia area facility. It is located in what we believe to be the fastest growing section of that city and the photos hardly do justice to its visual impact. This blend of the new with continued development of our existing properties is what is required to accomplish our

objective of continuing to increase the real rewards of owning shares in our company. We have long argued that shareholders are best served if they can share in their companies' success without having to sell their stock.

Future success won't simply flow from bricks and mortar. It will be determined by the skills of our people and customs we have developed over the years. I am particularly reminded of this because of the recent death of Paul Mudd. Paul and I had actually worked together at the old Clarendon Bowling Center during World War II. When Bowl America was founded, Paul became its first manager, opening Shirley Bowl in January 1958. He continued with the company until his retirement in 1989. Paul's relationship with Bowl America will not, however, be limited by dates. Even today, when discussing the things that the best bowling center managers do, we always come back to talking about how Paul Mudd did it. In this respect, he was part of our past and will be part of our future.

Regards,

A handwritten signature in black ink, appearing to read "Leslie H. Goldberg".

Leslie H. Goldberg, *President*