

“cumulative dividends on that single \$2.00 share will exceed \$100.00”

September 20, 2007

Dear Fellow Owners:

Bowl America Shirley, the first Bowl America bowling center, will celebrate its 50th anniversary January 22, 2008. It opened in 1958 as Shirley Tenpin Bowl, the first modern tenpin bowling center in the metropolitan Washington area. Before that, Virginia, Maryland and Washington, DC had been almost exclusively duckpins, which are bowled with a smaller ball and smaller pins.

Bowling centers tended to be single proprietor operations, mostly because the biggest management function was soliciting and recruiting temporary workers on a daily basis to serve as pin boys. American Machine and Foundry developed an automatic pinsetter for tenpins, which was the national game. However, they had no market in the duckpin territory because their machine was not adaptable.

Enter C. Edward Goldberg. My father had been the founding force of a duckpin center in Clarendon, Virginia in 1940. He became active in the local proprietors association, headed it, and later became Chairman of the duckpin department of the Bowling Proprietors Association of America, the national tenpin organization. He also became, for many matters, its Washington representative, driving to Capitol Hill and knocking on doors to present the industry’s point of view to our Congressmen. In those days, the BPAA could not afford a “professional lobbyist”. These activities brought him into contact with the management of AMF. A deal was struck to introduce tenpins and the new AMF machines to the Washington, DC area. AMF built Shirley Tenpin Bowl for the Clarendon investing group and leased it to us for two years with an option to purchase. Eventually that center formed the basis for a public stock offering. Three hundred thousand shares of the new Bowl America stock were sold to the public at \$2.00 per share. In addition to the current fiscal year being a birthday for the bowling center, it will also mark the year in which the cumulative dividends on that single \$2.00 share will exceed \$100.00. Those original investors who were smart enough not to sell their original shares now have 11.3 shares of Bowl America stock.

Bowl America was not the only company that capitalized on the arrival of the automatic pinsetters to create bowling chains. Many of them went public in the late 1950’s and 1960’s. We are, however, the only one of those companies surviving today. We went public in order to finance expansion. We were bowling people, not stock market people, and our objective was to create a secure profitable bowling company to generate income for our families’ futures. We, therefore, valued survival of the company as our top priority. We proudly reported paying off each mortgage. We bought two of our most profitable leased centers so that in the event of a downturn we would never again face rental demands when money was short. We selected dividend payments as the most equitable way of treating each stockholder the same when it came to the rewards of the business.



*Principal owners of Shirley Tenpin Bowl
Opening Night January 22, 1958
Left to Right: Samuel Sobkov, Sollie Katzman,
Samuel Higger, C. Edward Goldberg*

I am often reminded of a magazine piece I read in the early 1970’s. The author talked about being the richest family in town but living like paupers. It seems an ancestor invested in the company that became IBM. On his death bed, he made the family swear to never sell the IBM stock. Its market price exploded but IBM had paid no dividends at that time. The value of the family asset increased, but the real standard of living of its members was unchanged. That wasn’t for us.

The nature of our product – entertainment – requires discipline to protect our dividend paying ability. Our customers pay for entertainment with what is left between what they earn (or expect to earn) and mandatory expenses such as food, taxes, housing, health care and transportation. This discretionary component is under pressure from both ends. We first noticed the impact on our traffic in June, and it continues into the new fiscal year.

It’s a nice time for our “old” company to have a nest egg.

Regards,



Leslie H. Goldberg, *President*