



September 21, 2001

Dear Fellow Employees and Owners:

As I watched the rescue efforts at the Pentagon, I was reminded that the last time that I had seen the skeleton of that building was during its construction. The Great Depression had not really ended in 1938 when my father decided that low cost recreation would be appealing to people. We built a bowling center in Clarendon, less than 3 miles from the site that was to eventually be the Pentagon. During World War II many of our best customers worked there.

In the sixty-three years since we first started on the Clarendon Bowling Center, we have been able to adapt to a wide variety of national and international political and economic upheavals. The nature of the game contributed to our staying power. Bowling is easy to understand, simple to learn and allows people of various skill levels to compete with each other. Add to that Bowl America's policies of locating sites near our customers, moderate pricing and emphasizing friendly service and you have a foundation for earnings longevity.

We continue to profit from our business. Our bowling centers operated about as profitably this year as they did last year, which had one extra week. (Our overall earnings were reduced by legal costs related to matters which have been decided in our favor.)

We never can measure the impact of an economic slowdown on the bowling business until it's over. While the new year has started slowly, both July and August were profitable. It wasn't too many years ago that that was news. League starts were interrupted by the events at the Pentagon and World Trade Center but we do not as yet believe that league participation will be significantly different than in fiscal 2001. However, we will have a major improvement in tournament play with statewide and regional tournaments being held at Bowl America centers within driving distance of the potential participants. These events will take place in 2002 and impact our last quarter.

Based on what we have been able to see so far, we expect that we will be able to prudently support our new dividend level throughout the year, which would enable us to look forward to the 30<sup>th</sup> consecutive year of increased annual per share dividends. Bowl America is one of the leading companies in providing its owners with these annual increases. At the end of calendar year 2000, according to Mergent's Dividend Achievers, only 73 companies of the 10,000 they surveyed had longer consecutive dividend increase records.

We have been less successful in finding new locations. However, we were able to use the money we might have used for a new location to buy in more of our stock, increasing each shareholder's stake in the remaining bowling centers. The combination of reduced shares outstanding, the strength of our business and the relatively higher valuation granted by the market to dividend paying stocks combined to enable us to reach an all time high for Bowl America stock.

That often gives rise to a temptation to sell one's interest in a successful company in order to find another more successful company. It takes economic times like this to remind people that trading involves downside risks as well as upside rewards. We prefer to continue to emphasize the benefits of ownership of a business as opposed to ownership of stock certificates, which are sometimes "not worth the paper they are printed on". (I have one of those too.)

I am as convinced now as I was in 1990 that a "best company is one that inspires its customers, its employees and its stockholders to stick with it. After all, old friends are best friends."

A handwritten signature in black ink, appearing to read "Leslie H. Goldberg". The signature is fluid and cursive, with a large initial "L" and "G".

Leslie H. Goldberg, *President*