September 20, 2004

Dear Fellow Owners:

WOW!!!

For the first time in ten years, we are building a new bowling center from scratch.

This one is Irv Clark's baby from start to finish which gives us the feeling it will be the best one we have ever built. Located just north of Richmond, it is in the center of a growing commercial area and will serve an expanding population. It will add to our standing as the best and oldest continually operating bowling company in the Richmond area.

Good new locations are necessary to provide us as owners with real income from our investment in Bowl America. "Real" has meant that increases in our dividends have more than offset inflation. The record of 32 consecutive years of dividend increases has enabled us to meet that objective without requiring us to dispose of our Bowl America stock.

The word "increase" suggests building on something that existed before. That is fundamental to our approach. While we generate great enthusiasm for each new project, it is important that we continue to wisely use our existing assets. Two of our most successful bowling centers today -- Bowl America Shirley and Bowl America Falls Church -- were our first two bowling centers and are over forty years old. We try to capture the enthusiasm generated by new projects and apply it broadly in the Company. There is no return like the return on an investment that is already paid for.

Location in any retail business is important, but we have always felt that longevity flows from great customer service and great customer service flows from people who enjoy what they do. I have always been pleased that so many of our employees are bowling enthusiasts.

You should note this will be the first bowling center we have ever built in which the owners will get to keep half the profits generated from the business. Prior to the recent reduction in dividend tax rates to five and fifteen percent, Bowl America owners had to pay $2.00 in taxes to keep $1.00 of the earnings the Company generated. This was the result of our relatively unsheltered corporate tax rate combined with personal taxes on dividends. That, of course, isn't the end of it. If you happen to die at a time when our market price exceeds our per share retained earnings, the Government might extract an amount greater than what the company had earned on your behalf.

Relying on dividends to share our Company's success has a positive impact on corporate governance. The dividend has to have cash to support it. Virtually all of the financial misdeeds we have noted in the last few years have been driven by an attempt to run up the price of a stock so that the perpetrators could either borrow against it or sell it before the bubble burst.

Another group shares the need for price increases, but has an even shorter horizon. These are the so-called money managers, whether they be mutual funds, pension funds or insurance companies, that are threatened with investor defection if they didn't "match market performance." It is ironic that all the proposals for changing corporate governance would place more control into this group's hands even though we now know they simply do not operate in the interests of the real owners of the shares. We can't justify overlaying an "ownership economy" on the current foundation.

The combination of the fund managers with a next morning price horizon and company managements required to spend their time on accounting minutia rather than stimulating innovation and growth will probably eventually push us into the European type of supervisory board of directors. If that results in a twelve percent unemployment rate here as it has elsewhere, we might hear it called "an unforeseen consequence." Of course, all those people with time on their hands may want to go bowling.

Leslie H. Goldberg, *President*