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FOR IMMEDIATE RELEASE

**WINMARK CORPORATION ANNOUNCES
THIRD QUARTER RESULTS**

Minneapolis, MN (October 13, 2010) – Winmark Corporation (Nasdaq; WINA) announced today net income for the quarter ended September 25, 2010 of \$2,690,000, or \$.51 per share diluted, compared to net income of \$1,779,500, or \$.33 per share diluted, in 2009. For the nine months ended September 25, 2010, net income was \$7,209,800, or \$1.39 per share diluted, compared to net income of \$4,388,500, or \$.82 per share diluted, for the same period last year.

John L. Morgan, Chairman and Chief Executive Officer, stated, “The positive trends in our business continued during the third quarter. Our strong financial performance included the further strengthening of our balance sheet.”

Winmark Corporation creates, supports and finances business. At September 25, 2010, there were 892 franchises in operation under the brands Play It Again Sports®, Plato's Closet®, Once Upon A Child®, and Music Go Round® and there were 16 territories in operation under the Wirth Business Credit® brand. An additional 39 retail franchises have been awarded but are not open. In addition, at September 25, 2010, the Company had loans and leases equal to \$34.4 million.

This press release contains forward-looking statements within the meaning of the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), relating to future events or the future financial performance of the Company including statements with respect to our ability to finance the growth of our leasing and franchising businesses for the foreseeable future. Such forward-looking statements are only predictions or statements of intention subject to risks and uncertainties and actual events or results could differ materially from those anticipated. Because actual result may differ, shareholders and prospective investors are cautioned not to place undue reliance on such forward-looking statements.

WINMARK CORPORATION
CONDENSED BALANCE SHEETS

(unaudited)

| | September 25, 2010 | December 26, 2009 |
|--|----------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 2,169,400 | \$ 9,490,800 |
| Marketable securities | 318,000 | 1,274,000 |
| Current investments | 2,000,000 | 2,000,000 |
| Receivables, less allowance for doubtful accounts of \$21,800 and \$35,700 | 2,005,700 | 1,761,100 |
| Net investment in leases - current | 15,729,900 | 17,575,900 |
| Income tax receivable | 1,032,100 | - |
| Inventories | 95,600 | 111,400 |
| Prepaid expenses | <u>500,000</u> | <u>398,800</u> |
| Total current assets | 23,850,700 | 32,612,000 |
| Net investment in leases – long-term | 16,637,400 | 19,423,700 |
| Long-term investments | 1,910,500 | 2,232,900 |
| Long-term receivables, net | 6,000 | 14,900 |
| Property and equipment, net | 1,667,700 | 1,843,500 |
| Other assets | <u>677,500</u> | <u>677,500</u> |
| | <u>\$ 44,749,800</u> | <u>\$ 56,804,500</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Current line of credit | \$ 15,400,000 | \$ 3,983,100 |
| Current renewable subordinated notes | - | 9,166,900 |
| Accounts payable | 1,358,000 | 1,415,200 |
| Income tax payable | - | 183,500 |
| Accrued liabilities | 2,188,500 | 1,794,100 |
| Current discounted lease rentals | 618,900 | 972,600 |
| Current rents received in advance | 312,600 | 294,400 |
| Current deferred revenue | 1,096,800 | 1,188,800 |
| Deferred income taxes | <u>1,057,700</u> | <u>1,057,700</u> |
| Total current liabilities | 22,032,500 | 20,056,300 |
| Long-term line of credit | - | 5,298,900 |
| Long-term renewable subordinated notes | - | 12,058,700 |
| Long-term discounted lease rentals | 122,000 | 507,600 |
| Long-term rents received in advance | 820,900 | 1,332,000 |
| Long-term deferred revenue | 771,000 | 709,500 |
| Other long-term liabilities | 1,209,500 | 1,298,400 |
| Deferred income taxes | 214,400 | 214,400 |
| Shareholders' Equity: | | |
| Common stock, no par, 10,000,000 shares authorized, 5,011,862 and 5,125,025 shares issued and outstanding | 195,300 | - |
| Accumulated other comprehensive income (loss) | (96,100) | 9,600 |
| Retained earnings | <u>19,480,300</u> | <u>15,319,100</u> |
| Total shareholders' equity | <u>19,579,500</u> | <u>15,328,700</u> |
| | <u>\$ 44,749,800</u> | <u>\$ 56,804,500</u> |

WINMARK CORPORATION
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

| | Quarter Ended | | Nine Months Ended | |
|---|---------------------|---------------------|---------------------|---------------------|
| | September 25, 2010 | September 26, 2009 | September 25, 2010 | September 26, 2009 |
| REVENUE: | | | | |
| Royalties | \$ 7,030,000 | \$ 6,405,200 | \$ 19,761,800 | \$ 17,646,600 |
| Leasing income | 2,419,600 | 2,271,600 | 7,290,300 | 7,116,400 |
| Merchandise sales | 964,000 | 593,800 | 2,009,200 | 1,898,500 |
| Franchise fees | 357,100 | 419,600 | 885,600 | 804,600 |
| Other | <u>236,600</u> | <u>134,600</u> | <u>782,300</u> | <u>446,800</u> |
| Total revenue | 11,007,300 | 9,824,800 | 30,729,200 | 27,912,900 |
| COST OF MERCHANDISE SOLD | 920,600 | 569,700 | 1,911,800 | 1,816,700 |
| LEASING EXPENSE | 387,600 | 548,000 | 1,374,200 | 1,743,300 |
| PROVISION FOR CREDIT LOSSES | 130,500 | 853,600 | 142,400 | 1,877,500 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | <u>4,360,200</u> | <u>4,666,800</u> | <u>14,093,300</u> | <u>14,379,900</u> |
| Income from operations | 5,208,400 | 3,186,700 | 13,207,500 | 8,095,500 |
| LOSS FROM EQUITY INVESTMENTS | (200,200) | (57,300) | (322,400) | (61,400) |
| INTEREST EXPENSE | (363,900) | (317,300) | (925,200) | (1,009,800) |
| INTEREST AND OTHER INCOME | <u>96,100</u> | <u>178,700</u> | <u>376,800</u> | <u>351,400</u> |
| Income before income taxes | 4,740,400 | 2,990,800 | 12,336,700 | 7,375,700 |
| PROVISION FOR INCOME TAXES | <u>(2,050,400)</u> | <u>(1,211,300)</u> | <u>(5,126,900)</u> | <u>(2,987,200)</u> |
| NET INCOME | <u>\$ 2,690,000</u> | <u>\$ 1,779,500</u> | <u>\$ 7,209,800</u> | <u>\$ 4,388,500</u> |
| EARNINGS PER SHARE – BASIC | <u>\$.54</u> | <u>\$.34</u> | <u>\$ 1.43</u> | <u>\$.82</u> |
| EARNINGS PER SHARE – DILUTED | <u>\$.51</u> | <u>\$.33</u> | <u>\$ 1.39</u> | <u>\$.82</u> |
| WEIGHTED AVERAGE SHARES OUTSTANDING – BASIC | <u>5,011,862</u> | <u>5,282,349</u> | <u>5,055,405</u> | <u>5,335,869</u> |
| WEIGHTED AVERAGE SHARES OUTSTANDING – DILUTED | <u>5,224,580</u> | <u>5,329,697</u> | <u>5,203,628</u> | <u>5,357,259</u> |