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FOR IMMEDIATE RELEASE

**WINMARK CORPORATION ANNOUNCES
THIRD QUARTER RESULTS**

Minneapolis, MN (October 12, 2011) – Winmark Corporation (Nasdaq; WINA) announced today net income for the quarter ended September 24, 2011 of \$3,483,500, or \$.66 per share diluted, compared to net income of \$2,690,000, or \$.51 per share diluted, in 2010. For the nine months ended September 24, 2011, net income was \$9,910,000, or \$1.89 per share diluted, compared to net income of \$7,209,800, or \$1.39 per share diluted, for the same period last year.

John L. Morgan, Chairman and Chief Executive Officer, stated, “During the quarter, our earnings growth was primarily driven by the continued strong performance of our franchising brands. Additionally, our leasing business continued to show significant increases in both profitability and customer activity. During the quarter, our pre-tax income was reduced by approximately \$0.5 million, or \$0.10 per share, due to our share of losses from Tomsten, Inc. as well as an impairment charge relating to our investment in BridgeFunds, LLC.”

Winmark Corporation creates, supports and finances business. At September 24, 2011, there were 923 franchises in operation under the brands Play It Again Sports®, Plato's Closet®, Once Upon A Child®, and Music Go Round®. An additional 39 retail franchises have been awarded but are not open. In addition, at September 24, 2011, the Company had loans and leases equal to \$31.8 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 24, 2011 | December 25, 2010 |
|--|----------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 3,896,500 | \$ 2,257,100 |
| Marketable securities | 331,000 | 161,000 |
| Receivables, net | 1,330,300 | 1,841,300 |
| Net investment in leases - current | 13,010,300 | 13,856,700 |
| Income tax receivable | - | 294,700 |
| Inventories | 68,000 | 85,900 |
| Prepaid expenses | <u>508,900</u> | <u>382,600</u> |
| Total current assets | 19,145,000 | 18,879,300 |
| Net investment in leases – long-term | 17,168,800 | 16,802,500 |
| Long-term investments, net | 4,225,600 | 3,973,800 |
| Property and equipment, net | 1,562,500 | 1,785,900 |
| Other assets | <u>677,500</u> | <u>680,500</u> |
| | <u>\$ 42,779,400</u> | <u>\$ 42,122,000</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Line of credit | \$ - | \$ 8,800,000 |
| Accounts payable | 1,689,200 | 1,274,200 |
| Income tax payable | 2,263,300 | - |
| Accrued liabilities | 1,992,400 | 1,513,600 |
| Discounted lease rentals | 74,900 | 530,400 |
| Rents received in advance | 263,800 | 291,800 |
| Deferred revenue | 1,149,000 | 1,041,700 |
| Deferred income taxes | <u>1,832,500</u> | <u>1,832,500</u> |
| Total current liabilities | 9,265,100 | 15,284,200 |
| Long-Term Liabilities: | | |
| Discounted lease rentals | 2,400 | 26,500 |
| Rents received in advance | 421,400 | 696,900 |
| Deferred revenue | 830,500 | 767,600 |
| Other liabilities | 1,250,700 | 1,678,000 |
| Deferred income taxes | <u>655,800</u> | <u>655,800</u> |
| Total long-term liabilities | 3,160,800 | 3,824,800 |
| Shareholders' Equity: | | |
| Common stock, no par, 10,000,000 shares authorized, 4,972,081 and 5,020,739 shares issued and outstanding | - | 513,700 |
| Accumulated other comprehensive loss | (72,600) | - |
| Retained earnings | <u>30,426,100</u> | <u>22,499,300</u> |
| Total shareholders' equity | <u>30,353,500</u> | <u>23,013,000</u> |
| | <u>\$ 42,779,400</u> | <u>\$ 42,122,000</u> |

WINMARK CORPORATION
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

| | Quarter Ended | | Nine Months Ended | |
|---|---------------------|---------------------|---------------------|---------------------|
| | September 24, 2011 | September 25, 2010 | September 24, 2011 | September 25, 2010 |
| REVENUE: | | | | |
| Royalties | \$ 8,046,400 | \$ 7,030,000 | \$ 21,918,500 | \$ 19,761,800 |
| Leasing income | 2,369,300 | 2,419,600 | 12,584,500 | 7,290,300 |
| Merchandise sales | 664,300 | 964,000 | 1,998,700 | 2,009,200 |
| Franchise fees | 516,200 | 357,100 | 836,200 | 885,600 |
| Other | <u>177,300</u> | <u>236,600</u> | <u>765,300</u> | <u>782,300</u> |
| Total revenue | 11,773,500 | 11,007,300 | 38,103,200 | 30,729,200 |
| COST OF MERCHANDISE SOLD | 631,400 | 920,600 | 1,908,500 | 1,911,800 |
| LEASING EXPENSE | 290,400 | 387,600 | 4,149,300 | 1,374,200 |
| PROVISION FOR CREDIT LOSSES | (13,100) | 130,500 | 8,200 | 142,400 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | <u>4,219,100</u> | <u>4,360,200</u> | <u>14,095,400</u> | <u>14,093,300</u> |
| Income from operations | 6,645,700 | 5,208,400 | 17,941,800 | 13,207,500 |
| LOSS FROM EQUITY INVESTMENTS | (224,700) | (200,200) | (444,600) | (322,400) |
| IMPAIRMENT OF INVESTMENT IN NOTES | (293,200) | - | (546,100) | - |
| INTEREST EXPENSE | (26,200) | (363,900) | (84,200) | (925,200) |
| INTEREST AND OTHER INCOME/(EXPENSE) | <u>(9,000)</u> | <u>96,100</u> | <u>22,100</u> | <u>376,800</u> |
| Income before income taxes | 6,092,600 | 4,740,400 | 16,889,000 | 12,336,700 |
| PROVISION FOR INCOME TAXES | <u>(2,609,100)</u> | <u>(2,050,400)</u> | <u>(6,979,000)</u> | <u>(5,126,900)</u> |
| NET INCOME | <u>\$ 3,483,500</u> | <u>\$ 2,690,000</u> | <u>\$ 9,910,000</u> | <u>\$ 7,209,800</u> |
| EARNINGS PER SHARE – BASIC | <u>\$.70</u> | <u>\$.54</u> | <u>\$ 1.99</u> | <u>\$ 1.43</u> |
| EARNINGS PER SHARE – DILUTED | <u>\$.66</u> | <u>\$.51</u> | <u>\$ 1.89</u> | <u>\$ 1.39</u> |
| WEIGHTED AVERAGE SHARES OUTSTANDING – BASIC | <u>4,970,046</u> | <u>5,011,862</u> | <u>4,980,160</u> | <u>5,055,405</u> |
| WEIGHTED AVERAGE SHARES OUTSTANDING – DILUTED | <u>5,263,343</u> | <u>5,224,580</u> | <u>5,239,424</u> | <u>5,203,628</u> |