

WINMARK CORP  
Form 424B3  
February 24, 2009

**Filed Pursuant to Rule 424(b)(3)**

**File Number 333-133393**

**PROSPECTUS SUPPLEMENT NO. 7**

**to Prospectus, as amended and restated,**

**declared effective on March 27, 2008**

**(Registration No. 333-133393)**

**WINMARK CORPORATION**

This Prospectus Supplement No.7 supplements our Prospectus, as amended and restated, declared effective March 27, 2008 (as previously supplemented by the prospectus supplements dated May 12, 2008, June 13, 2008, August 4, 2008, September 4, 2008, November 5, 2008 and January 23, 2009, collectively, the Prospectus ).

You should read this Prospectus Supplement No. 7 together with the Prospectus.

This Prospectus Supplement No. 7 includes the attached Current Report on Form 8-K of Winmark Corporation as filed by us with the Securities and Exchange Commission on February 24, 2009.

The information contained herein, including the information attached hereto, supplements and supersedes, in part, the information contained in the Prospectus. This Prospectus Supplement No. 7 should be read in conjunction with the Prospectus, and is qualified by reference to the Prospectus except to the extent that the information in this Prospectus Supplement No. 7 supersedes the information contained in the Prospectus.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus Supplement No. 7 is February 24, 2009.

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 8-K

### CURRENT REPORT

**Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **February 24, 2009**

## **Winmark Corporation**

(Exact Name of Registrant as Specified in Its Charter)

**Minnesota**

(State or Other Jurisdiction of Incorporation)

**000-22012**  
(Commission File Number)

**41-1622691**  
(I.R.S. Employer Identification Number)

**605 Highway 169 North, Suite 400, Minneapolis, Minnesota 55441**

(Address of Principal Executive Offices) (Zip Code)

**(612) 520-8500**

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(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02                      Results of Operations and Financial Conditions

On February 24, 2009, Winmark Corporation ( Company ) announced in a press release its results of operations and financial condition for the year ended December 27, 2008. A copy of the press release is attached as Exhibit 99.1 of this Current Report on Form 8-K.

Item 7.01                      Regulation FD Disclosure

On February 24, 2009, Winmark Corporation ( Company ) announced in a press release its results of operations and financial condition for the year ended December 27, 2008. A copy of the press release is attached as Exhibit 99.1 of this Current Report on Form 8-K.

Item 9.01                      Financial Statements, Pro Forma Financial Information and Exhibits.

(c)                      Exhibits

99.1                      Press Release dated February 24, 2009

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WINMARK CORPORATION

WINMARK CORPORATION

Date: February 24, 2009

By:

/s/ Anthony D. Ishaug  
Anthony D. Ishaug  
Chief Financial Officer

EXHIBIT INDEX

to

Form 8-K

Winmark Corporation

| Exhibit Number | Exhibit Description                   |
|----------------|---------------------------------------|
| 99.1           | Press Release dated February 24, 2009 |

Contact: John L. Morgan  
763/520-8500

FOR IMMEDIATE RELEASE

**WINMARK CORPORATION ANNOUNCES YEAR END RESULTS**

Minneapolis, MN (February 24, 2009) – Winmark Corporation (Nasdaq: WINA) announced today net income for the year ended December 27, 2008 of \$1,139,400 or \$.21 per share diluted, compared to net income of \$3,044,800 or \$.54 per share diluted, in 2007. The fourth quarter 2008 net loss was (\$2,079,200), or (\$.38) per share diluted, compared to net income of \$853,000, or \$.15 per share diluted, for the same period last year. Revenues for the year were \$35,423,600, up from \$31,165,200 in 2007.

John Morgan, Chairman and Chief Executive Officer, stated "We had mixed results in 2008. Our franchising business performed well as our customers continued to frequent our value-oriented concepts. We were disappointed with the performance of our Wirth Business Credit portfolio, but were pleased with the progress made by Winmark Capital. In addition, as previously disclosed, our results were negatively impacted by a \$2.8 million after-tax earnings charge, or \$.52 per share, in the fourth quarter related to the impairment in our investment in Tomsten, Inc. (d/b/a Archiver s) .

Winmark Corporation creates, supports and finances business. At December 27, 2008, there were 870 franchises in operation under the brands Play It Again Sports®, Once Upon A Child®, Plato's Closet®, Music Go Round® and there were 54 territories in operation under the Wirth Business Credit® brand. An additional 45 retail franchises have been awarded but are not open. In addition, at December 27, 2008, the Company had loans and leases equal to \$47.4 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)

|  | December 27,<br>2008 | December 29,<br>2007 |
|--|----------------------|----------------------|
| <b>ASSETS</b>  |                      |                      |
| Current Assets:  |                      |                      |
| Cash and cash equivalents  | \$ 2,140,000         | \$ 1,253,000         |
| Marketable securities  | 438,300              |                      |
| Current investments  | 500,000              |                      |
| Receivables, less allowance for doubtful accounts of<br>\$52,700 and \$52,200                                | 2,064,100            | 2,312,300            |
| Net investment in leases - current   | 17,379,700           | 10,451,100           |
| Income tax receivable  | 792,200              | 166,300              |
| Inventories  | 141,500              | 145,000              |
| Prepaid expenses   | 1,018,800            | 1,104,900            |
| Deferred income taxes  | 216,900              | 208,200              |
| Total current assets   | 24,691,500           | 15,640,800           |
| Net investment in leases - long term   | 28,035,300           | 31,435,400           |
| Long-term investments  | 3,833,300            | 7,496,500            |
| Long-term notes receivables, net   | 39,200               | 59,700               |
| Property and equipment, net  | 512,200              | 667,400              |
| Other assets   | 677,500              | 625,800              |
| Deferred income taxes  | 320,800              | 1,021,200            |
|  | \$ 58,109,800        | \$ 56,946,800        |
| <b>LIABILITIES AND SHAREHOLDERS EQUITY</b>   |                      |                      |
| Current Liabilities:   |                      |                      |
| Current line of credit   | \$ 4,313,200         | \$ 7,553,600         |
| Current renewable subordinated notes   | 8,052,400            | 3,535,900            |
| Accounts payable   | 1,108,200            | 1,414,100            |
| Accrued liabilities  | 2,905,400            | 2,501,900            |
| Current discounted lease rentals   | 1,012,900            | 27,400               |
| Current rents received in advance  | 141,600              | 73,900               |
| Current deferred revenue   | 993,600              | 1,132,300            |
| Total current liabilities  | 18,527,300           | 16,239,100           |
| Long-term line of credit   | 9,276,300            | 8,685,000            |
| Long-term renewable subordinated notes   | 12,788,700           | 17,486,000           |
| Long-term discounted lease rentals   | 1,298,500            |                      |
| Long-term rents received in advance  | 1,696,400            | 1,312,000            |
| Long-term deferred revenue   | 631,400              | 556,000              |
| Shareholder's Equity:  |                      |                      |
| Common stock, no par, 10,000,000 shares authorized,<br>5,433,610 and 5,417,775 shares issued and outstanding | 427,500              | 305,900              |
| Other comprehensive loss   | (38,500)             |                      |
| Retained earnings  | 13,502,200           | 12,362,800           |
| Total shareholders' equity   | 13,891,200           | 12,668,700           |
|  | \$ 58,109,800        | \$ 56,946,800        |



**WINMARK CORPORATION**  
**CONDENSED STATEMENTS OF OPERATIONS**

(unaudited)

|   | Quarter Ended     |                   | Fiscal Year Ended |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | December 27, 2008 | December 29, 2007 | December 27, 2008 | December 29, 2007 |
| <b>REVENUE:</b>                               |                   |                   |                   |                   |
| Royalties                                     | \$ 5,428,200      | \$ 5,238,700      | \$ 21,804,200     | \$ 20,446,800     |
| Leasing income                                | 2,172,800         | 1,471,500         | 8,092,800         | 4,416,200         |
| Merchandise sales                             | 582,700           | 749,200           | 3,268,100         | 3,999,500         |
| Franchise fees                                | 359,000           | 422,600           | 1,704,500         | 1,724,100         |
| Other   | 158,000           | 141,900           | 554,000           | 578,600           |
| Total revenue                                 | 8,700,700         | 8,023,900         | 35,423,600        | 31,165,200        |
| <b>COST OF MERCHANDISE SOLD</b>               | <b>555,300</b>    | <b>717,700</b>    | <b>3,120,700</b>  | <b>3,837,200</b>  |
| LEASING EXPENSE                               | 461,800           | 429,100           | 1,881,800         | 1,031,000         |
| PROVISION FOR CREDIT LOSSES                   | 1,343,700         | 181,800           | 2,569,800         | 603,700           |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES  | 4,691,800         | 4,877,100         | 19,760,200        | 19,267,400        |
| Income from operations                        | 1,648,100         | 1,818,200         | 8,091,100         | 6,425,900         |
| LOSS FROM EQUITY INVESTMENTS                  | (2,881,500)       | (15,000)          | (3,163,200)       | (359,600)         |
| INTEREST EXPENSE                              | (306,800)         | (354,900)         | (1,305,000)       | (1,456,800)       |
| INTEREST AND OTHER INCOME (LOSS)              | (21,700)          | 115,800           | 224,600           | 539,100           |
| Income (loss) before income taxes             | (1,561,900)       | 1,564,100         | 3,847,500         | 5,148,600         |
| PROVISION FOR INCOME TAXES                    | (517,300)         | (711,100)         | (2,708,100)       | (2,103,800)       |
| NET INCOME (LOSS)                             | \$ (2,079,200)    | \$ 853,000        | \$ 1,139,400      | \$ 3,044,800      |
| EARNINGS (LOSS) PER SHARE - BASIC             | \$ (.38)          | \$ .16            | \$ .21            | \$ .56            |
| EARNINGS (LOSS) PER SHARE - DILUTED           | \$ (.38)          | \$ .15            | \$ .21            | \$ .54            |
| WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC   | 5,461,011         | 5,417,846         | 5,504,705         | 5,472,020         |
| WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED | 5,461,011         | 5,531,493         | 5,531,216         | 5,591,087         |