WINMARK CORP
Form DEF 14A
March 10, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Winmark Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.
o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

April 27, 2011

TO THE SHAREHOLDERS OF WINMARK CORPORATION

Notice is hereby given to the holders of the shares of Common Stock of Winmark Corporation that our Annual Meeting of Shareholders will be held at our corporate offices, 605 Highway 169 N, Suite 100, Minneapolis, Minnesota 55441 on Wednesday, April 27, 2011 at 4:00 p.m. Central Daylight Time, to consider and act upon the following matters:

1. To set the number of members of the Board of Directors at seven.

2. To elect seven directors to serve for a term of one year.

3. To ratify the appointment of GRANT THORNTON LLP as our independent registered public accounting firm for the 2011 fiscal year.

4. To transact such other business as may properly come before the meeting or any adjournments thereof.

Shareholders of record at the close of business on March 7, 2011 will be entitled to vote at the meeting and adjournments of the meeting.

You are cordially invited to attend the meeting. Even if you do not plan to attend the meeting, we urge you to sign, date and return the proxy at once in the enclosed envelope.

By the Order of the Board of Directors

John L. Morgan
Chairman and Chief Executive Officer

Dated March 10, 2011

Winmark Corporation

605 Highway 169 North, Suite 100

Minneapolis, Minnesota 55441

Annual Meeting of Shareholders

April 27, 2011

PROXY STATEMENT

GENERAL

The Annual Meeting of Shareholders of Winmark Corporation will be held on Wednesday, April 27, 2011, at 4:00 p.m., Central Daylight Time, at our corporate offices, 605 Highway 169 N, Suite 100, Minneapolis, Minnesota 55441, for the purposes set forth in the Notice of Annual Meeting of Shareholders.

The enclosed proxy is solicited by our Board of Directors. Such solicitation is being made by mail and may also be made by directors, officers and regular employees of Winmark personally or by telephone. Any proxy given pursuant to such solicitation may be revoked by the shareholder at any time prior to the voting thereof by so notifying us in writing at the above address, attention: Corporate Secretary, or by appearing in person at the meeting. Shares represented by proxies will be voted as specified in such proxies, and if no choice is specified, will be voted in favor of the proposals set forth in the Notice of Meeting and in favor of the number and slate of directors proposed by the Board of Directors and listed herein.

Shares voted as abstentions on any matter (or a withhold authority vote as to directors) will be counted as present and entitled to vote for purposes of determining a quorum and for purposes of calculating the vote with respect to such matter, but will not be deemed to have been voted in favor of such matter. If a broker submits a non-vote proxy, indicating that the broker does not have discretionary authority to vote certain shares on a particular matter, those shares will be counted as present for purposes of determining a quorum, but will not be considered present and entitled to vote for purposes of calculating the vote with respect to such matter.

Effect of Not Casting Your Vote. If you hold your shares in street name it is critical that you cast your vote if you want it to count in the determination of the size of the Board and the election of seven directors (Proposals 1 and 2 of this Proxy Statement). Your bank or broker is not permitted to vote your uninstructed shares in determining the size of the board and the election of directors on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your bank or broker how to vote in the election of directors, no votes will be cast on your behalf on Proposals 1 and 2. Your bank or broker will, however, continue to have discretion to vote any uninstructed shares on the ratification of the appointment of the Company s independent registered public accounting firm (Proposal 3 of this Proxy Statement). If you are a shareholder of record and you do not cast your vote, no votes will be cast on your behalf on any of the items of business at the Annual Meeting.

All of the expenses involved in preparing, assembling and mailing this proxy statement and the material enclosed herewith will be paid by Winmark. Winmark may reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy material to beneficial owners of stock. This proxy statement and accompanying form of proxy are first being mailed to shareholders on or about March 25, 2011.

IMPORTANT NOTICE REGARDING AVAILABILITY

OF PROXY MATERIALS FOR THE 2011 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON WEDNESDAY, APRIL 27, 2011

Under rules promulgated by the Securities and Exchange Commission, Winmark is providing access to its proxy materials both by sending you this full set of proxy materials and by notifying you of the availability of its proxy materials on the Internet.

You may access the following proxy materials as of the date they are first mailed to our shareholders at www.winmarkcorporation.com by following the tab under Investor Relations and the link for Proxy Materials :

- Notice of 2011 Annual Meeting of Shareholders to be held on Wednesday, April 27, 2011;
- Proxy Statement and form of proxy for 2011 Annual Meeting of Shareholders to be held on Wednesday, April 27, 2011; and
- Annual Report on Form 10-K for the fiscal year ended December 25, 2010.

These proxy materials are available free of charge and will remain available through the conclusion of the Annual Meeting. Additionally, we will not collect information, such as cookies, that would allow us to identify visitors to the site.

OUTSTANDING SHARES AND VOTING RIGHTS

The Board of Directors has fixed March 7, 2011, as the record date for determining shareholders entitled to vote at the Annual Meeting. Persons who were not shareholders on such date will not be allowed to vote at the Annual Meeting. At the close of business on March 7, 2011, 4,977,238 shares of our Common Stock were issued and outstanding. Common Stock is the only outstanding class of capital stock entitled to vote at the meeting. Each share of Common Stock is entitled to one vote on each matter to be voted on at the meeting. Holders of Common Stock are not entitled to cumulative voting rights.

Under applicable Minnesota law, approval of each of the proposals to be voted on at the meeting except the election of the nominees requires the affirmative vote of the holders of the greater of (i) a majority of the voting power of the shares represented in person or by proxy at the Annual Meeting with authority to vote on such matter or (ii) a majority of the voting power of the minimum number of shares that would constitute a quorum for the transaction of business at the Annual Meeting. The election of the nominees requires the affirmative vote by a plurality of the voting power of the shares present and entitled to vote on the election of directors at a meeting at which a quorum is present.

ELECTION OF DIRECTORS

(Proposals #1 and #2)

At the meeting, the Board of Directors is to be elected to hold office until the 2012 Annual Meeting or until successors are elected and have qualified. Our Bylaws provide that the number of directors on our Board shall be fixed by the shareholders, subject to increase by the Board of Directors in an interim period between shareholder votes. In February 2011, the Board of Directors increased the authorized number of directors on our board from six to seven and filled the resulting vacancy by electing Steven C. Zola to the board. The Nominating Committee recommended to the Board of Directors that the shareholders set the number of directors at seven. The Nominating Committee also recommended to the Board of Directors that the shareholders elect the nominees named below.

Shares represented by executed proxies will be voted, if authority to do so is not withheld, to set the number of directors at seven and for the election of the nominees named below, unless one or more of such nominees should become unavailable for election, in which event such shares shall be voted for the election of such substitute nominees as the Board of Directors may propose. Each person nominated has agreed to serve if elected, and we know of no reason why any of the listed nominees would be unavailable to serve.

Information Concerning Nominees:

Name and Age	Principal Occupation and Business Experience for Past Five Years
John L. Morgan Age: 69	Mr. Morgan was elected Chairman of the Board and Chief Executive Officer of Winmark in March 2000. In addition, Mr. Morgan currently serves as Chairman and Chief Executive Officer of Tomsten, Inc. (d/b/a Archiver s) pursuant to a management agreement entered into in December 2009 between Winmark and Tomsten, Inc. He was an independent investor/business consultant from April 1999 to February 2000. He was the founder of Winthrop Resources Corporation, a business equipment leasing company, and served as its President from March 1982 through March 1999. In addition, Mr. Morgan is currently a private investor and serves as a member of Rush River Group, LLC. Mr. Morgan brings experience in executive management and over 40 years of equipment leasing experience to our Board. In his current capacity as Chairman and Chief Executive Officer of Winmark, Mr. Morgan provides an intimate knowledge of our business and operations and provides the Board with company-specific experience and expertise. In addition, his significant ownership stake in Winmark provides the Board with a unique perspective regarding the long-term strategy of the company.
Jenele C. Grassle Age: 51	Ms. Grassle was elected a director of Winmark in January 2001. She has served as Vice President, Merchandising for Carlson Marketing Worldwide, a division of Groupe Aeroplan, Inc., since May 2008. Ms. Grassle served as the Vice President/General Merchandise Manager at Value Vision Media, Inc. from July 2007 to April 2008, as Vice President, Jewelry from July 2006 to July 2007 and as Divisional Merchandise Manager, Ready-to-Wear, Accessories and Cosmetics from February 2005 to July 2006. Ms. Grassle s background as an executive officer and her expertise in retail management including merchandising, operations and marketing provides expertise as well as leadership skills to our Board.

Kirk A. MacKenzie Age: 72	Mr. MacKenzie was elected a director of Winmark in May 2000 and served as its Vice Chairman from that time until February 2011. In addition, he is currently a private investor, serves as a member of Rush River Group, LLC and is a Director of Geronimo Wind Energy, LLC. From January 1982 to March 1999, Mr. MacKenzie was Executive Vice President of Winthrop Resources Corporation, a business equipment leasing company. Mr. MacKenzie s experience in equipment leasing, as well as his previous public company executive experience provides significant insight and expertise to our Board, particularly as we continue to build our equipment leasing operations.
Dean B. Phillips Age: 42	Mr. Phillips was elected a director of Winmark in 2007. He currently serves as President and Chief Executive Officer of Phillips Distilling Company, a position he has held since 2000. From 1993 to 2000, Mr. Phillips held a variety of sales and marketing positions in both the US and Canada at Phillips Distilling Company and Millennium Import, LLC the marketer of Belvedere and Chopin luxury vodkas. Mr. Phillips is Chairman of the Board of Directors of Allina Health System, a member of the Advisory Board of the Center for the Study of Politics and Governance at the University of Minnesota s Humphrey Institute and a Trustee of The Jay & Rose Phillips Family Foundation. Through his background as an existing chief executive officer, as well as his other board service, Mr. Phillips brings, leadership, corporate governance and risk assessment skills to our Board.
Paul C. Reyelts Age: 64	Mr. Reyelts was elected a director of Winmark in May 2000 and serves as Lead Director. He served as the Executive Vice President of Finance and Chief Financial Officer of The Valspar Corporation, a global leader in the coatings industry, from April 1982 until February 2008. He remained an Executive Vice President of Valspar Corporation until his retirement in May 2009. In addition, Mr. Reyelts serves on the Board of Trustees of Minnesota Public Radio, the Advisory Board of the University of Minnesota College of Design and the Minneapolis Parks Foundation Board. As the former Chief Financial Officer of a NYSE-listed public company, Mr. Reyelts brings experience in financial and executive management, corporate governance and risk management to our Board. In addition, he has an extensive knowledge of the capital markets due to his prior experience that has proven useful to the Board.
Mark L. Wilson Age: 62	Mr. Wilson was elected a director of Winmark in May 2000. He currently serves as Of Counsel at the law firm of Henson & Efron, P.A. In 2006, Mr. Wilson served as President of Kettle River Company, LLC, a business consulting firm. From 1999 to 2006, he served as President of Weisman Enterprises, Inc. and its affiliates, a vending and small transaction management company. In addition, Mr. Wilson currently serves on the Board of Directors of the Minnesota Community Foundation as its Vice-Chairman, The St. Paul Foundation as its Vice-Chairman, Intergenerational Living and Health Care, Inc., GiveMN.org and Minnesota Real Estate Foundation. Mr. Wilson s background in legal matters and executive management provides significant insight and expertise to our Board. He provides valuable guidance on the issues of corporate governance, risk management and general management.

Steven C. Zola Age: 49	Mr. Zola has served as the President of Winmark Capital Corporation since December 2005 and as a director of Winmark Corporation since February 2011. Mr. Zola also served as an advisor to Winmark from January 2005 to December 2005. From September 2002 until January 2007, Mr. Zola served in a number of positions, including President and Chief Executive Officer, of CrystalVoice Communications, Inc, a VoIP software company. From March 1990 to January 2002 he was employed by Winthrop Resources Corporation, a technology equipment leasing company, where he served as Senior Vice President of Sales and Marketing prior to his departure. Mr. Zola brings over twenty years of equipment leasing experience to our Board. In his current capacity as President of Winmark Capital Corporation, Mr. Zola provides an intimate knowledge of our leasing operations and provides the Board with insight into these activities.

Board Recommendation

The Board of Directors recommends that the shareholders vote FOR Proposal #1 to set the number of members of the Board of Directors at seven. The Board of Directors recommends that the shareholders vote FOR each of the seven nominees set forth in Proposal #2 to serve for a one year term.

CORPORATE GOVERNANCE

Code of Ethics and Business Conduct

We have adopted the Winmark Corporation Code of Ethics and Business Conduct (the Code of Conduct), that applies to our directors, officers and employees. The Code of Conduct is publicly available on our web site at www.winmarkcorporation.com. If we make any substantive amendments to the Code of Conduct or grant any waiver, including any implicit waiver from a provision of the Code of Conduct to our directors or executive officers, we will disclose the nature of such amendments or waiver on our web site or in a report on Form 8-K.

Leadership Structure of the Board

In accordance with Winmark s bylaws, our Board of Directors elects our Chief Executive Officer and our Chairman, and each of these positions may be held by the same person or may be held by two persons. The Board does not have a policy regarding whether the role of the Chairman and Chief Executive Officer should be separate.

The Governance and Nominating Committee nominates, and a majority of the independent directors elects, a Lead Director. Because our Chief Executive Officer also serves as Chairman of the Board, Winmark has a Lead Director. Our Lead Director presides over meetings of our independent directors and is an additional resource to the Board with respect to governance and financial matters.

After careful consideration, the Corporate Governance and Nominating Committee has determined that Winmark s current Board structure combining the principal executive officer and board chairman positions and utilizing a Lead Director is the most appropriate leadership structure for Winmark and its shareholders given its ownership and operating structure.

Majority of Independent Directors; Committees of Independent Directors

The Board of Directors has determined that Ms. Grassle and Messrs. MacKenzie, Phillips, Reyelts, and Wilson, constituting a majority of the Board of Directors, are independent directors in accordance with rules of the Nasdaq since none of them are believed to have any relationships that, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Mr. MacKenzie serves as a member of Rush River Group, LLC, who leases de minimis amount of office space from Winmark. The Board considered this relationship in determining that Mr. MacKenzie is independent. Messrs. Morgan and Zola are precluded from being considered independent by Nasdaq rules since they currently serve as executive officers of Winmark.

Each member of the Audit Committee, Compensation Committee and Nominating Committee has been determined, in the opinion of the Board of Directors, to be independent in accordance with Nasdaq rules.

Standing Committees

The Board of Directors has three standing committees, the Audit Committee, the Compensation Committee and the Nominating Committee. Each of these Committees duties are set forth in a charter, which are available on our website at www.winmarkcorporation.com under the Investor Relations heading.

Audit Committee

The Audit Committee provides oversight by reviewing financial reports and other financial information of Winmark, reviewing our systems of internal control regarding finance, accounting, legal compliance and ethics, and reviewing our auditing, accounting and financial reporting process. The Audit Committee serves as an independent and objective party to monitor our financial reporting process and internal control system. The Audit Committee coordinates, reviews and appraises the audit efforts of our independent registered public accounting firm. Further, the Audit Committee communicates directly with the independent accountants, financial and senior management and Board of Directors regarding the matters related to the Committee s responsibilities and duties. The Board has determined that Paul C. Reyelts, an independent director, is the Audit Committee financial expert given, among other factors, his prior experience as a chief financial officer of a NYSE-listed public company. The current Audit Committee members are Paul C. Reyelts (Chairman), Dean B. Phillips, and Mark L. Wilson. The Audit Committee held four (4) meetings during fiscal 2010.

Compensation Committee

The Compensation Committee s purpose is to assist the Board of Directors in the discharge of its responsibilities relating to (a) fair, reasonable, and competitive compensation practices for our executive officers and other key employees which are consistent with the our objectives; (b) oversight of broad-based employee compensation policies and programs; and (c) fair, reasonable and competitive compensation and benefit programs for our nonemployee directors. The Compensation Committee, which consists of Mark L. Wilson, Jenele C. Grassle, Dean B. Phillips and Paul C. Reyelts, held one (1) meeting during fiscal 2010. Mark L. Wilson has been appointed the Chairman of the Compensation Committee.

The Compensation Committee s responsibilities, which are discussed in detail in its charter, include, among other duties, the responsibility to:

- Review and approve annually appropriate incentive compensation goals and objectives for the CEO and other executive officers.

- Consider and approve the base salary, incentive and equity-based compensation awards and other compensation actions for the CEO based upon an evaluation of the CEO s performance, effectiveness and other relevant considerations.

- Review and approve base salaries, incentive and equity-based compensation awards and other compensation actions for all other executive officers, based upon an evaluation of such officer s performance, effectiveness, the recommendations of the CEO and other relevant considerations.

Compensation decisions for our executive officers and nonemployee members of the Board of Directors are made by the Compensation Committee. The Compensation Committee also makes decisions regarding the equity compensation of any other Winmark employees. The Compensation Committee has not elected to utilize the services of a compensation consultant in determining executive compensation, though they have the discretion to utilize the services of a consultant as outlined in the Compensation Committee s Charter.To the extent the Committee determines to expend in excess of $5,000 during any fiscal year on consultants, it must seek pre-approval from the Board of such excess expenditures.

Our Chief Executive Officer, with the input of other officers at his discretion, provides the Compensation Committee with recommendations for the compensation of all executive officers and nonemployee directors.

Nominating Committee

The purpose of the Nominating Committee is to advise the Board of Directors and provide oversight on matters related to (a) the selection and nomination of Board Members; and (b) the appointment of Board Committee Members. The Nominating Committee, which consists of Jenele C. Grassle, Dean B. Phillips, Paul C. Reyelts, and Mark L. Wilson, held one (1) meeting during fiscal 2010. Jenele C. Grassle has been appointed Chairperson of the Nominating Committee.

Winmark does not have a formal policy with regard to the consideration of director candidates recommended by shareholders since it is our practice to consider director recommendations from any source. The Board is comprised of a majority of independent directors, which ensures consideration of director candidates from any source based on the criteria set forth below. Each Nominating Committee member is independent. The Board will consider director candidates recommended by shareholders according to the following membership criteria.

Board Membership Criteria

In selecting the new directors, the Committee shall consider any requirements of applicable law or listing standards, a candidate s strength of character, judgment, business experience and specific area of expertise, factors relating to composition of the Board, principles of diversity and such other factors as the Committee shall deem important.

The Nominating Committee will consider the attributes of the candidates and the needs of the Board and will review all candidates in the same manner, regardless of the source of the recommendation.

Shareholder Nomination of Directors

A shareholder who wishes to recommend one or more directors must provide a written recommendation to our Corporate Secretary at the address below. Notice of a recommendation must include:

with respect to the shareholder:

- name, address, the class and number of shares such shareholder owns;

with respect to the nominee:

- name, age, business address, residence address,
- current principal occupation,
- five year employment history with employer names and a description of the employer s business,
- the number of shares beneficially owned by the nominee,
- whether such nominee can read and understand basic financial statements, and
- Board membership, if any.

The recommendation must be accompanied by a written consent of the nominee to stand for election if nominated by the Board of Directors and to serve if elected by the shareholders. We may require any nominee to furnish additional information that may be needed to determine the eligibility of the nominee.

Risk Oversight

Our Board is charged with providing oversight of Winmark s risk management processes. Specifically, the Audit Committee is primarily responsible for overseeing the risk management function. In carrying out its responsibilities, the Audit Committee works closely with Winmark s President as well as its Chief Financial Officer. The Audit Committee meets quarterly to discuss the financial affairs of the Company. In addition, at least annually, the Audit Committee reviews a risk assessment and an overview of the risk management processes of the Company.

Meeting Attendance

During fiscal 2010, the Board of Directors held six (6) meetings. All directors attended at least 75% of the meetings of the Board of Directors and committees of the Board of Directors on which they served.

We have not adopted a formal policy with regard to board members attendance at annual meetings of shareholders, however, all directors are encouraged to attend such meetings. All of the directors attended the Annual Meeting last year.

Shareholder Communications

Shareholders may communicate directly with the Board of Directors. All communications should be directed to our Corporate Secretary at the address below and should prominently indicate on the outside of the envelope that it is intended for the Board of Directors or for non-management directors. If no director is specified, the communication will be forwarded to the entire Board. Shareholder communications to the Board should be sent to:

Corporate Secretary

Winmark Corporation

Attention: Board of Directors

605 Highway 169 N, Suite 400

Minneapolis, Minnesota 55441

EXECUTIVE OFFICERS

The executive officers of Winmark are as follows:

NAME	AGE	POSITION
John L. Morgan	69	Director, Chairman and Chief Executive Officer
Anthony D. Ishaug	39	Chief Financial Officer and Treasurer
Brett D. Heffes	43	President
Steven A. Murphy	45	President, Franchising
Steven C. Zola	49	Director, President, Winmark Capital Corporation
Leah A. Goff	49	Vice President, Human Resources
Merry Beth Hovey	47	Vice President, Marketing

John L. Morgan was elected Chairman of the Board and Chief Executive Officer of Winmark in March 2000. In addition, Mr. Morgan currently serves as Chairman and Chief Executive Officer of Tomsten, Inc. (d/b/a Archiver s) pursuant to a management agreement entered into in December 2009 between Winmark and Tomsten, Inc. He was an independent investor/business consultant from April 1999 to February 2000. He was the founder of Winthrop Resources Corporation, a business equipment leasing company, and served as its President from March 1982 through March 1999. In addition, Mr. Morgan is currently a private investor and serves as a member of Rush River Group, LLC.

Anthony D. Ishaug has served as Chief Financial Officer for Winmark since September 2008 and Treasurer since November 2009. Prior to joining Winmark, Mr. Ishaug was employed as Chief Operating Officer and Chief Financial Officer of Department 56, Inc., (a division of Lenox Group, Inc.), a giftware and collectible company, from January 2008 until September 2008. From April 2005 to January 2008, Mr. Ishaug served as Controller and Treasurer of Lenox Group, Inc.

Brett D. Heffes has served as President of Winmark Corporation since February 2011. He served as President of Finance and Administration of Winmark from December 2007 to February 2011. From November 2002 to November 2009, he also served as Treasurer for Winmark. From November 2002 to September 2008, Mr. Heffes served as Chief Financial Officer for Winmark.

Steven A. Murphy has served as the President of Franchising since October 2006. Mr. Murphy served as Vice President of Franchise Management from December 2003 to October 2006. From September 2001 until December 2003, Mr. Murphy served in a number of positions for Winmark including Director of Play It Again Sports and Director of Marketing and Sales.

Steven C. Zola has served as the President of Winmark Capital Corporation since December 2005 and as a director of Winmark Corporation since February 2011. Mr. Zola also served as an advisor to Winmark from January 2005 to December 2005. From September 2002 until January 2007, Mr. Zola served in a number of positions, including President and Chief Executive Officer, of CrystalVoice Communications, Inc, a VoIP software company. From March 1990 to January 2002 he was employed by Winthrop Resources Corporation, a technology equipment leasing company, where he served as Senior Vice President of Sales and Marketing prior to his departure.

Leah A. Goff has served as Vice President of Human Resources for Winmark since September 2005. From April 1997 to March 2000 and October 2000 to September 2005, Ms. Goff served as Human Resources Manager for Winmark.

Merry Beth Hovey has served as Vice President of Marketing for Winmark since July 2007. From April 2006 until July 2007, Ms. Hovey served as Director of Marketing for Winmark. Prior to joining Winmark, Ms. Hovey was Vice President of Marketing for 2nd Swing Golf from October 2004 to December 2005.

The term of office of each executive officer continues until terminated by Winmark.

There are no arrangements or understandings among any of the executive officers of Winmark and any other person (not an officer or director of Winmark) pursuant to which any of the executive officers were selected as an officer of Winmark.

EXECUTIVE COMPENSATION TABLES

The table below summarizes the total compensation paid or earned by each of the Named Executive Officers (NEOs) for the fiscal year ended December 25, 2010. Winmark s compensation structure for NEOs emphasizes the collective accountability to our shareholders, employees, and to one another by examining the performance of the NEOs as a group. The overall success of our business was examined to determine NEO salary, bonus, and incentive compensation, including a variety of financial and nonfinancial factors such as the overall performance of the company against long-term financial and strategic objectives, cash flow, human resources management, earnings per share, and the effectiveness of the NEOs as a group. Although our philosophy is to compensate NEOs as a group, we believe it is important to retain the flexibility and discretion to modify all elements of compensation awarded to individuals based upon their general business and company experience, leadership, potential future contribution, and the performance of the businesses for which they are responsible. There are 3 primary components to NEOs compensation: (1) base pay, (2) annual incentive bonus, and (3) equity based compensation.

Base pay provides the NEOs with regular compensation for services performed during the fiscal year, and is used to establish a pay range for the annual incentive bonus. The NEOs base pay is determined in part by examining awards from past years, both for NEOs as a group and for each individual NEO. The annual bonus for each NEO, awarded at the discretion of the Compensation Committee, may range in amount from 0% to 100% of that NEO s salary.The annual incentive bonus is designed to motivate and reward the NEOs as a group for furthering the achievement of the Company s short and long-term objectives during the fiscal year. The third primary component of compensation is long-term incentive compensation in the form of stock options. Options were granted to the NEOs by the Compensation Committee under our current employee stock option plans, with a four year vesting period beginning on the first anniversary of the grant date and a ten year term, both contingent upon the continued employment of the NEO. Although previous awards are considered, the amount of options a NEO receives depends primarily upon the NEOs performance as a group, the total number of option shares recommended for issuance, and the total number of people included in the annual stock option grants.

We entered into an employment agreement with John L. Morgan, CEO, in March 2000, which has been subsequently amended three times. The most recent amendment, in 2006, clarified that Mr. Morgan s base salary will be set annually by the Compensation Committee or a similar body of independent directors in its discretion. Pursuant to the agreement, Mr. Morgan may also receive a bonus determined by the Compensation Committee in its discretion. The agreement is terminable for any reason by either party upon 30 days written notice.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards ($)(2)	All Other Compensation ($)(3)	Total ($)
John L. Morgan	2010	242,500	242,500		8,451	493,451
Chief Executive Officer and Chairman of the Board of Directors	2009	200,833(1)	200,000		8,411	409,244
Anthony D. Ishaug	2010	154,200	77,100	149,325	8,229	388,854
Chief Financial Officer and Treasurer	2009	154,200		79,730	2,492	236,422
Brett D. Heffes	2010	242,500	242,500	191,518	8,640	685,158
President	2009	242,500	200,000	113,900	8,580	564,980
Steven A. Murphy	2010	242,500	242,500	191,518	8,640	685,158
President, Franchising	2009	242,500	200,000	113,900	8,580	564,980
Steven C. Zola	2010	242,500	242,500	191,518	8,640	685,158
President, Winmark Capital Corporation	2009	242,500	200,000	113,900	8,580	564,980

(1) Mr. Morgan voluntarily reduced his salary during a five-month period in 2009 in an aggregate amount of $41,667.

(2) The amounts included under the Option Awards column reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for awards granted in fiscal 2010 and 2009 under the 2001 Stock Option Plan. A discussion of the assumptions made in the valuation of our stock options is located in footnote 6 Shareholders Equity in the Annual Report on Form 10-K, and is incorporated herein by reference.

(3) All Other Compensation paid by Winmark is comprised of 401(k) matching contributions, an optional annual contribution to each employee s retirement account, and life insurance premium payments. NEOs receive the same 401(k) matching benefits and the same optional annual contribution to employee retirement accounts as all active and eligible employees. The maximum life insurance payout for executive officers ($250,000), including NEOs, is higher than the maximum payout for salaried exempt ($150,000) and non-exempt office employees ($75,000).

Outstanding Equity Awards at Fiscal Year-End 2010

Option Awards

Name	Number of Securities Underlying Unexercised Options (#) Exercisable (1)	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
John L. Morgan				
Anthony D. Ishaug	2,500	2,500	18.40	09/04/18
	625	625	12.75	12/11/18
	1,750	5,250	13.01	06/01/19
	1,750	5,250	22.15	12/10/19
	0	7,500	31.19	06/01/20
	0	7,500	32.92	12/14/20
Brett D. Heffes	10,270	0	10.00	12/18/12
	15,000	0	18.25	12/16/13
	15,000	0	26.05	12/09/14
	20,000	0	20.46	12/13/15
	19,500	0	20.32	12/14/16
	16,875	5,625	20.96	12/13/17
	5,625	5,625	16.52	08/13/18
	8,000	8,000	12.75	12/11/18
	2,500	7,500	13.01	06/01/19
	2,500	7,500	22.15	12/10/19
	0	10,000	31.19	06/01/20
	0	9,250	32.92	12/14/20
Steven A. Murphy	10,000	0	10.00	12/18/12
	10,000	0	18.25	12/16/13
	10,000	0	26.05	12/09/14
	10,000	0	20.46	12/13/15
	19,500	0	20.32	12/14/16
	16,875	5,625	20.96	12/13/17
	5,625	5,625	16.52	08/13/18
	8,000	8,000	12.75	12/11/18
	2,500	7,500	13.01	06/01/19
	2,500	7,500	22.15	12/10/19
	0	10,000	31.19	06/01/20
	0	9,250	32.92	12/14/20
Steven C. Zola	1,000	0	25.99	01/13/15(2)
	20,000	0	20.46	12/13/15
	19,500	0	20.32	12/14/16
	16,875	5,625	20.96	12/13/17
	5,625	5,625	16.52	08/13/18
	8,000	8,000	12.75	12/11/18
	2,500	7,500	13.01	06/01/19
	2,500	7,500	22.15	12/10/19
	0	10,000	31.19	06/01/20
	0	9,250	32.92	12/14/20

(1) All of the above-listed option awards were granted pursuant to the 2001 Stock Option Plan. Unless otherwise indicated, the option awards vest 25% per year for four years, beginning on the first anniversary of the option grant. Each option award was granted on the date 10 years prior to the expiration date, and expires on the indicated date, or earlier in the case of an employee s termination, disability or death.

(2) Vests 20% per year for five years, beginning on the first anniversary date of the option grant. Expires on the tenth anniversary date of the grant, or earlier in the case of the recipient s death or disability.

Potential Payments Upon Termination of Employment or Change-in-Control

All of our NEOs are at-will employees operating without employment contracts, with the exception of John Morgan, our Chief Executive Officer. Although we have in the past, and at our discretion may in the future, negotiate severance agreements with our NEOs, we are under no obligation to do so. We have not entered into contracts or agreements with the NEOs, individually or as a group, guaranteeing lump sum payments to them upon a change of control of Winmark. However, our 2001 Stock Option Plan (2001 Plan), which provides option awards to our NEOs, provides that optionees are eligible for certain benefits when a Transaction occurs, as defined therein. A Transaction includes the sale of substantially all of our assets, a merger, a consolidation, an exchange, a reorganization, reclassification, liquidation, or an extraordinary dividend. Generally speaking, all of the outstanding and unvested stock options granted under the 2001 Plan become immediately exercisable upon the occurrence of a Transaction unless the Board selects to either: (a) terminate the 2001 Plan and cancel outstanding options not exercised prior to reasonable exercise period; (b) pay optionees, either in cash or shares of the surviving corporation s stock, the difference between the Fair Market Value of the stock price and the stock option exercise price; or (c) continue the 2001 Plan and allow optionees the right to exercise their respective options for an equivalent number of shares of stock of the succeeding corporation.

As of December 25, 2010, the NEOs had the following outstanding and unvested options to purchase shares of our Common Stock that could accelerate upon a change in control:

Name	Unexercisable Option Shares (#)	Option Exercise Price ($)	Stock Price December 25, 2010	Value Realized Upon Acceleration ($)(1)
John L. Morgan				
Anthony D. Ishaug	2,500	18.40	32.15	34,375
	625	12.75		12,125
	5,250	13.01		100,485
	5,250	22.15		52,500
	7,500	31.19		7,200
	7,500	32.92		
Brett D. Heffes	5,625	20.96	32.15	62,944
	5,625	16.52		87,919
	8,000	12.75		155,200
	7,500	13.01		143,550
	7,500	22.15		75,000
	10,000	31.19		9,600
	9,250	32.92		
Steven A. Murphy	5,625	20.96	32.15	62,944
	5,625	16.52		87,919
	8,000	12.75		155,200
	7,500	13.01		143,550
	7,500	22.15		75,000
	10,000	31.19		9,600
	9,250	32.92		
Steven C. Zola	5,625	20.96	32.15	62,944
	5,625	16.52		87,919
	8,000	12.75		155,200
	7,500	13.01		143,550
	7,500	22.15		75,000
	10,000	31.19		9,600
	9,250	32.92		

(1) Assuming that a change in control occurred at a stock price of $32.15 per share (the closing price of the Company s stock as of December 25, 2010).

2010 Director Compensation

Cash Compensation Paid to Board Members

For the fiscal year ended December 25, 2010, nonemployee members of the Board of Directors were entitled to receive an annual cash retainer of $15,000 and an attendance fee of $1,000 for each Board or Committee meeting. The Lead Director received an additional annual retainer of $5,000 and the Vice-Chair received an additional annual retainer of $2,500. For fiscal 2011, the annual cash retainer for nonemployee members of the Board of Directors will increase to $25,000.

Stock Option Award

Pursuant to the terms of our Stock Option Plan for Nonemployee Directors, nonemployee directors are automatically granted an option to purchase 25,000 common shares upon the initial election as a director. In addition to an initial award under the Nonemployee Director Stock Option Plan, each nonemployee director is eligible to receive stock option grants as determined by the Compensation Committee. In June and December 2010, each current nonemployee director received a stock option grant of 1,000 shares pursuant to the Nonemployee Director Stock Option Plan. These options vest 25% per year for four years, beginning one year from the date of the grant, and expire at the end of 10 years. All of the outstanding and unvested stock options granted under the Nonemployee Director Stock Option Plan become immediately exercisable upon the occurrence of a change in control of the Company.

The following table sets out the fiscal 2010 compensation for each of our current nonemployee directors.

Name(1)(2)	Fees Earned or Paid in Cash ($)	Option Awards ($)(3)(4)	Total ($)
Jenele C. Grassle	23,000	19,910	42,910
Kirk A. MacKenzie	23,500	19,910	43,410
Dean B. Phillips	24,000	19,910	43,910
Paul C. Reyelts	31,000	19,910	50,910
Mark L. Wilson	27,000	19,910	46,910

(1) John L. Morgan, our Chief Executive Officer, also serves as the Chairman of the Board of Directors. Mr. Morgan did not receive any compensation for his services as a director. His compensation is outlined in the Summary Compensation Table on page 12.

(2) Steven C. Zola, our President of Winmark Capital Corporation, also serves as a director since February 2011. His compensation is outlined in the Summary Compensation Table on page 12.

(3) Reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for awards granted in fiscal 2010. A discussion of the assumptions made in the valuation of our stock options is located in footnote 6 Shareholders Equity in the Annual Report on

Form 10-K, and is incorporated herein by reference.

(4) As of December 25, 2010, each director, except for Dean B. Phillips, has an aggregate of 12,000 options to purchase shares of common stock pursuant to the Nonemployee Director Stock Option Plan outstanding, of which 6,300 are currently exercisable. As of December 25, 2010, Mr. Phillips has an aggregate of 33,000 options to purchase shares of common stock pursuant to the Nonemployee Director Stock Option Plan outstanding, of which 17,700 are currently exercisable.

Transactions with Related Persons, Promoters and Certain Control Persons

2010 Fiscal Year

On April 2, 2010, in connection with Winmark s existing stock repurchase plan, Winmark repurchased 25,000 shares of common stock from Ronald G. Olson, a greater than 5% shareholder, for aggregate consideration of $562,500, or $22.50 per share.

2009 Fiscal Year

On February 27, 2009, Sheila Morgan, spouse of John L. Morgan, Chief Executive Officer and Chairman of Winmark, subscribed for and purchased $300,000 of three month maturity unsecured subordinated notes on a monthly interest payment schedule at the rates described on the Interest Rate Supplement filed on Form 424(b)(2) with the Securities and Exchange Commission on March 31, 2008 offered by Winmark Corporation pursuant to a prospectus and related documents declared effective on March 27, 2008. In connection with her investment Mrs. Morgan agreed that her notes would be voted consistent with the majority of the remaining noteholders in an event of default.

On March 2, 2009, John L. Morgan subscribed for and purchased $1,600,000 of unsecured subordinated notes of various maturities ($200,000 of six month maturity, $200,000 of one year maturity, $200,000 of two year maturity, $130,000 of three year maturity, $180,000 of four year maturity, $190,000 of five year maturity and $500,000 of ten year maturity) all on a monthly interest payment schedule at the rates described on the Interest Rate Supplement filed on Form 424(b)(2) with the Securities and Exchange Commission on March 31, 2008 offered by Winmark Corporation pursuant to a prospectus and related documents declared effective on March 27, 2008. In connection with his investment Mr. Morgan agreed that his notes would be voted consistent with the majority of the remaining noteholders in an event of default.

2008 Fiscal Year

There were no related party transactions in fiscal 2008.

Securities Authorized for Issuance Under Equity Compensation Plans

The following information reflects certain information about our equity compensation plans as of December 25, 2010:

	Equity Compensation Plan Information		
	(a) **Number of securities to be issued upon exercise of outstanding options, warrants and rights**	**(b)** **Weighted average exercise price of outstanding options, warrants and rights**	**(c)** **Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))**
Equity compensation plans approved by security holders	644,220	$ 20.45	323,276
Equity compensation plans not approved by security holders	0		
TOTAL	644,220	$ 20.45	323,276

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS, DIRECTORS

AND EXECUTIVE OFFICERS

The following table sets forth the number of shares of Common Stock beneficially owned by (i) each person known by us to own more than 5% of the outstanding shares of Common Stock, (ii) each Named Executive Officer in the Summary Compensation Table, (iii) each director, (iv) each director nominee and (v) all directors and executive officers as a group. All persons named in the table have sole voting and investment power with respect to all shares of Common Stock owned, unless otherwise noted. The number of shares listed is as of March 7, 2011, the Record Date, unless otherwise noted.

Name (and Address of 5% Holders) or Identity of Group	Number of Shares Beneficially Owned	Percent of Outstanding Shares
John L. Morgan 605 Highway 169 N,Suite 400 Minneapolis, MN 55441	1,663,691(1)	33.4%
Kirk A. MacKenzie	185,300(2)	3.7%
Brett D. Heffes	164,628(3)	3.2%
Steven A. Murphy	122,802(4)	2.4%
Steven C. Zola	90,141(5)	1.8%
Mark L. Wilson	39,300(2)	*
Paul C. Reyelts	30,300(2)	*
Dean B. Phillips	29,700(6)	*
Jenele C. Grassle	13,300(2)	*
Anthony D. Ishaug	7,625(7)	*
Bares Capital Management, Inc. 221 West Sixth Street, Suite 1225 Austin, TX 78701	846,500(8)	17.0%
Ronald G. Olson 1630 North Ridge Drive Wayzata, MN 55391	709,035(9)	14.2%
All current directors and executive officers as a group (12 persons)	2,358,460(10)	44.3%

* Less than 1%

(1) Includes 29,032 shares held by Mr. Morgan s wife, for which he disclaims beneficial ownership.

(2) Includes 6,300 shares which are not outstanding, but may be acquired within 60 days of the Record Date through the exercise of stock options.

(3) Includes 115,270 shares which are not outstanding, but may be acquired within 60 days of the Record Date through the exercise of stock options. Includes 1,300 shares held by Mr. Heffes for a minor child.

(4) Includes 85,000 shares which are not outstanding, but may be acquired within 60 days of the Record Date through the exercise of stock options. Includes 700 shares held in two trust accounts on behalf of Mr. Murphy s children.

(5) Includes 76,000 shares which are not outstanding, but may be acquired within 60 days of the Record Date through the exercise of stock options. Includes 1,500 shares held by Mr. Zola for his minor children.

(6) Includes 22,700 shares which are not outstanding, but may be acquired within 60 days of the Record Date through the exercise of stock options.

(7) Includes 6,625 shares which are not outstanding, but may be acquired within 60 days of the Record Date through the exercise of stock options.

(8) We have relied on information provided by Bares Capital Management, Inc. on Schedule 13G/A filed on February 14, 2011.

(9) We have relied on information provided by Mr. Olson in a Form 4 filed on January 26, 2011. Includes 1,500 shares held by Mr. Olson s wife.

(10) Includes 341,968 shares which are not outstanding, but may be acquired within 60 days of the Record Date by all directors and executive officer as a group through the exercise of stock options.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the 1934 Act requires directors, executive officers, and persons who own more than ten percent of our Common Stock to file with the Securities and Exchange Commission (Commission) initial reports of beneficial ownership and reports of changes in beneficial ownership of common shares. Directors, officers and greater than ten percent shareholders are required by the regulations of the Commission to furnish us with copies of all Section 16(a) reports they file. Except as set forth below, to our knowledge, based solely on review of the copies of such reports furnished to us and written representations that no other reports were required, during the fiscal year ended December 25, 2010, all Form 3, Form 4 and Form 5 filing requirements of our directors, executive officers and persons who own more than ten percent of our Common Stock were met.

RATIFICATION OF INDEPENDENT AUDITORS

(Proposal #3)

General

The Audit Committee has the authority to appoint and discharge the independent registered public accounting firm and has chosen to retain GRANT THORNTON LLP to serve as independent registered public accounting firm for fiscal year 2011. The Board is submitting such appointment of GRANT THORNTON LLP to the shareholders for ratification. If the appointment of GRANT THORNTON LLP is not ratified, the Board of Directors will require the Audit Committee to reconsider its selection. Representatives from GRANT THORNTON LLP expect to be present at the meeting, will have the opportunity to make a statement if they desire and will be available to respond to appropriate questions.

Principal Accountant Fees and Services

The following is a summary of the fees billed by GRANT THORNTON LLP for professional services rendered as our independent registered public accounting firm during the 2010 and 2009 fiscal years.

	GRANT THORNTON LLP	
Fee Category	**Fiscal 2010 Fees**	**Fiscal 2009 Fees**
Audit Fees	$ 192,924	$ 214,244
Audit-Related Fees	16,540	16,540
Tax Fees	0	0
All Other Fees	0	0
Total Fees	$ 209,464	$ 230,784

Audit Fees. Consists of fees billed for professional services rendered for the audit of our annual consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports, and services that are normally provided by the principal accountant in connection with statutory and regulatory filings or engagements.

Audit-Related Fees. Consists of fees billed for services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under Audit Fees. These services primarily consist of employee benefit plan audits and consultations concerning financial accounting and reporting standards for Grant Thornton.

Pursuant to its Audit Committee Charter, the Audit Committee is responsible for pre-approving all audit and permitted non-audit services to be performed for Winmark by its independent auditors or any other auditing or accounting firm.

AUDIT COMMITTEE REPORT

The Board of Directors maintains an Audit Committee comprised of three of Winmark s independent directors. The Board of Directors and the Audit Committee believe that the Audit Committee s current member composition satisfies the rule of the Nasdaq Stock Market, Inc. (Nasdaq) that governs audit committee composition, Rule IM-5605-4, including the requirement that audit committee members all be independent directors as that term is defined by Nasdaq Rule 5605(a)(2).

In accordance with its written charter adopted by the Board of Directors, the Audit Committee assists the Board of Directors with fulfilling its oversight responsibility regarding the quality and integrity of the accounting, auditing and financial reporting practices of Winmark. In discharging its oversight responsibilities regarding the audit process, the Audit Committee:

(1) reviewed and discussed with management Winmark s consolidated audited financial statements as of and for the year ended December 25, 2010; and

(2) discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, *Professional Standards*, Vol. 1 AU Section 380, as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and

(3) received and reviewed the written disclosures and the letter from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant s communications with the Audit Committee concerning independence, and discussed with the independent auditors the independent auditor s independence.

Based upon the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in Winmark s Annual Report on Form 10-K for the fiscal year ended December 25, 2010, as filed with the Securities and Exchange Commission.

Members of the Audit Committee:

Paul C. Reyelts, Chairman

Dean B. Phillips

Mark L. Wilson

Board Recommendation

The Board of Directors recommends that the shareholders vote FOR Proposal #3 to ratify GRANT THORNTON LLP as the independent registered public accounting firm for Winmark. Under applicable Minnesota law, approval of the proposal to be voted on at the meeting requires the affirmative vote of the holders of the greater of (i) a majority of the voting power of the shares represented in person or by proxy at the Annual Meeting with authority to vote on such matter or (ii) a majority of the voting power of the minimum number of shares that would constitute a quorum for the transaction of business at the Annual Meeting.

SHAREHOLDER PROPOSALS FOR THE 2012 ANNUAL MEETING

Rule 14a-8 of the SEC permits shareholders of a company, after timely notice to the company, to present proposals for shareholder action in the company s proxy statement where such proposals are consistent with applicable law, pertain to matters appropriate for shareholder action and are not properly omitted by company action in accordance with the proxy rules.

The Winmark Corporation 2012 Annual Meeting of Shareholders is expected to be held on or about April 25, 2012. Proxy materials for that meeting are expected to be mailed on or about March 28, 2012. Under SEC Rule 14a-8, shareholder proposals to be included in the Winmark Corporation proxy statement for that meeting must be received by Winmark Corporation on or before November 29, 2011. Additionally, if Winmark Corporation receives notice of a shareholder proposal after February 12, 2012, the proposal will be considered untimely pursuant to SEC Rules 14a-4 and 14a-5(e) and the persons named in proxies solicited by the Board of Directors of Winmark Corporation, Inc. for its 2012 Annual Meeting of Shareholders may exercise discretionary voting power with respect to the proposal.

ANNUAL REPORT ON FORM 10-K

A COPY OF OUR FORM 10-K ANNUAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 25, 2010 (WITHOUT EXHIBITS) ACCOMPANIES THIS NOTICE OF MEETING AND PROXY STATEMENT. THE ANNUAL REPORT IS INCORPORATED HEREIN BY REFERENCE. WE WILL FURNISH TO ANY SHAREHOLDER, UPON WRITTEN REQUEST, ANY EXHIBIT DESCRIBED IN THE LIST ACCOMPANYING THE FORM 10-K, UPON THE PAYMENT, IN ADVANCE, OF REASONABLE FEES RELATED TO THE FURNISHING OF SUCH EXHIBIT(S). ANY REQUEST SHOULD INCLUDE A REPRESENTATION THAT THE SHAREHOLDER WAS THE BENEFICIAL OWNER OF SHARES OF OUR COMMON STOCK ON MARCH 7, 2011, THE RECORD DATE FOR THE 2011 ANNUAL MEETING, AND SHOULD BE DIRECTED TO ANTHONY D. ISHAUG, CHIEF FINANCIAL OFFICER AND TREASURER, AT OUR PRINCIPAL ADDRESS.

OTHER BUSINESS

The Board of Directors knows of no other matters to be presented at the meeting. In the event any other business is presented at the meeting, the persons named in the enclosed proxy will have authority to vote on that business in accordance with their judgment.

By the Order of the Board of Directors

John L. Morgan
Chairman and Chief Executive Officer

21