

Complete line of
video displays for your
High Resolution Solutions™

Wells-Gardner Electronics Corporation



Company Presentation

Wells-Gardner Electronics (AMEX: WGA)

March-2010

Forward-Looking Statement

In this presentation and in any questions and answer discussion, we may be making forward-looking statements that reflect risks and uncertainties associated with Wells-Gardner Electronics' business. The forward-looking statement paragraph that appears in our 10-K and 10-Q filings with the Securities and Exchange Commission more specifically describes those risks and uncertainties and we urge you to read those filings carefully. The Company does not undertake any obligations to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Company Overview

Wells Gardner is in 4 Businesses

- **Manufacturing and distributing LCDs**
- **Distributing parts including LCD replacement kits to virtually every casino in North America**
- **Distributing Machines into the Illinois VLT market**
- **Purchasing, refurbishing and distributing Used Gaming Devices (UGDs)**

Company Overview

Wells Gardner is in 2 Global Markets

- **Gaming Market-93%**
- **Amusement Market (coin operated video)-7%**

Company Overview

The Global Gaming Market has sustainable growth because it is considered by many legislators throughout the world as one of the most acceptable forms of non invasive taxation by both citizens and politicians.

Company Overview

Wells Gardner has 2 huge growth opportunities in 2010 and beyond:

- **Entry into the Illinois Video Lottery market as a Distributor**
- **Participation in the 3D explosion that is expected in the gaming market in 2010 with exclusive patented technology**

Company Overview

Wells Gardner is reinventing the Company into an IP Company :

- **Co-developing 3D products with Dimension Technologies Inc. (DTI) of Rochester, NY**
 - **Global exclusive license for the patented 3D/2D switchable technology**
- **Flexible and Transmissive LCDs**
- **Signage Products**
- **Filed 8 LCD patents:**
 - **5 software, 3 hardware**
 - **2 granted to date**

Company Overview

Manufacturing Video Display Products Handled by the Wells-Gardner Division

- Top 2 global market share in video display products to the gaming industry
 - 32% global market share in 2009
 - Installed over 350,000 LCDs
 - Sold 104,000 LCDs in 2009 vs. 87,000 in 2008
 - Developed 19", 26", 32" and 42" LCD products for Class II and Class III gaming & amusement markets
 - Developed 32", 37", 42" and 55" for signage market

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Current Major Gaming Partners



Global Manufacturer

Wells-Gardner Electronics
McCook, Illinois
10% Production



Asian Manufacturing
Fast Technologies, Guangdong
Axiomtek Display Solutions,
Guangdong
China – LCDs and CRT monitors
90% Production

Company Overview

Distributing Parts to Casinos in North America

Handled by American Gaming & Electronics (AG&E)

- HQed in Las Vegas, with offices in Atlantic City, McCook, IL & Miami
- Sold over 25,000 LCD replacement kits to casinos in North & South America
 - Added almost \$4 million of additional margin
 - Developing new products for this market

Company Overview

Distributing Parts to Casinos in North America

- Distributes Optera touch screens, GE, JCM and other products to casinos-adding new major line in 1st half 2010
- Has 54 Gaming Licenses
- **Expanding internationally**
 - Have appointed RGB as distributor for Macau, Singapore and 11 countries in SE Asia
 - Have appointed Eurocoin as distributor in Europe, Middle East and Africa

Company Overview

Distributing Machines into Illinois VLT Market

- American Gaming & Electronics will be a distributor in this market
- Video Lottery Gaming Act passed in Illinois in July 2009
- Act calls for between 40,000 and 60,000 machines-\$600 to \$900 million between 2010 and 2013
- AG&E has a letter of intent and expects to sign a contract with Spielo in next few weeks.
- Sales are expected to start in 4Q 2010

Company Overview

Distributing Used Gaming Devices

- Reorganized in February 2007
- Operated by Par 4 of New Jersey under American Gaming & Electronics name
- Has contracts with 2 of Big 4 gaming manufacturers to purchase all their available UGDs taken in trade as part of their selling programs, in exchange for LCD credits

2009 Performance

- Best net earnings in this decade.
- 2009 net earnings \$1.1 million, which includes non-recurring tax charge of \$168,000 compared to \$204,000 in 2008 period.
- Earnings performance due to 2 favorable trends:
 - Margin improved to 17.4% from 15.5% in 2008 period
 - Interest expense declined by \$143,000 or 40%
- 2009 revenue 2% decrease to \$52.5 million from \$53.8 million in 2008-due to price decrease of 7% which reduced revenue by over \$3 million.

2009 Performance-Balance Sheet

- Very Strong balance sheet
- Debt reduced to \$2.2 million from \$5.2 million
- Debt equity ratio declined to 14% from 37% at YE 2008
- Generated \$3.0 million of operating cash flow in last 12 months
- Extended Wells Fargo credit agreement to August 2013

Company Guidance

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Sales	\$52.5M	\$60-\$62M	\$75-\$80M
Net Earnings	\$1.1 million		

Summary

Wells Gardner has 2 huge growth opportunities in 2010 and beyond:

- **Entry into the Illinois Video Lottery market as a Distributor**
- **Participation in the 3D explosion that is expected in the gaming market in 2010 with exclusive patented technology**

Wells-Gardner Electronics Corporation



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