UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

[**X**] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **September 30, 2009.**

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ____________ to ____________

Commission File Number **1-8250**

WELLS-GARDNER ELECTRONICS CORPORATION

(Exact name of registrant as specified in its charter)

Illinois	**36-1944630**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
9500 West 55th Street, Suite A, McCook, Illinois	**60525-3605**
(Address of principal executive offices)	(Zip Code)

(**708) 290-2100**
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 4-05 of Regulation S-T (ss 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer, accelerated filer, and smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of November 6, 2009 approximately 10,421,000 shares of the Common Stock, $1.00 par value of the registrant were outstanding.

WELLS-GARDNER ELECTRONICS CORPORATION

FORM 10-Q TABLE OF CONTENTS

For The Three Months and Nine Months Ended September 30, 2009

Table of Contents

Item 1. Financial Statements

WELLS-GARDNER ELECTRONICS CORPORATION
Condensed Consolidated Statements of Earnings (unaudited)
Three Months and Nine Months Ended September 30, 2009 and 2008

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Net sales	$ 13,446,000	$ 11,283,000	$ 39,426,000	$ 40,724,000
Cost of sales	11,055,000	9,597,000	32,350,000	34,265,000
Gross margin	2,391,000	1,686,000	7,076,000	6,459,000
Engineering, selling & administrative expenses	2,072,000	1,785,000	5,869,000	5,964,000
Operating Earnings (Loss)	319,000	(99,000)	1,207,00	495,000
Interest expense	55,000	88,000	171,000	288,000
Investment in Joint Venture	-	(2,000)	-	(3,000)
Other expense, net	-	(1,000)	166,000	-
Income Tax expense	(2,000)	-	17,000	25,000
Net Earnings (Loss)	$ 266,000	$ (184,000)	$ 853,000	$ 185,000
Earnings per share:				
Basic earnings per share	$ 0.03	$ (0.02)	$ 0.08	$ 0.02
Diluted earnings per share	$ 0.03	$ (0.02)	$ 0.08	$ 0.02
Basic average common shares outstanding	10,420,965	10,348,965	10,415,710	10,350,049
Diluted average common shares outstanding	10,420,965	10,348,965	10,415,710	10,351,044

** See accompanying notes to the unaudited condensed consolidated financial statements.

WELLS-GARDNER ELECTRONICS CORPORATION
Condensed Consolidated Balance Sheets

	September 30, 2009 (unaudited)	September 30, 2008 (unaudited)	December 31, 2008
Assets:			
Current assets			
Cash	$ 151,000	$ 234,000	$ 184,000
Accounts receivable, net	6,131,000	5,675,000	6,289,000
Accounts receivable, subcontractor	3,198,000	6,295,000	4,811,000
Inventory	8,676,000	13,612,000	11,786,000
Other current assets	1,034,000	831,000	913,000
Total current assets	$ 19,190,000	$ 26,647,000	$ 23,983,000
Property, plant & equipment, net	398,000	446,000	473,000
Other assets:			
Investment in joint venture	8,000	8,000	8,000
Deferred Tax Asset, net	55,000	55,000	55,000
Goodwill	1,329,000	1,329,000	1,329,000
Total other assets	1,392,000	1,392,000	1,392,000
Total assets	$ 20,980,000	$ 28,485,000	$ 25,848,000
Liabilities:			
Current liabilities			
Accounts payable	$ 1,241,000	1,580,000	$ 1,794,000
Accounts payable, subcontractor	1,739,000	4,858,000	3,822,000
Accrued expenses	1,621,000	1,178,000	1,066,000
Total current liabilities	$ 4,601,000	$ 7,616,000	$ 6,682,000
Long-term liabilities:			
Note payable	1,483,000	6,925,000	5,185,000
Total liabilities	$ 6,084,000	$ 14,541,000	$ 11,867,000
Shareholders' Equity:			
Common stock: authorized 25,000,000 shares			
$1.00 par value; shares issued and outstanding:			
10,420,965 shares as of September 30, 2009			
10,348,965 shares as of September 30, 2008			
10,348,965 shares as of December 31, 2008	$ 10,421,000	10,349,000	$ 10,349,000
Additional paid-in capital	5,968,000	6,007,000	6,007,000
Accumulated deficit	(1,351,000)	(2,223,000)	(2,204,000)
Unearned compensation	(142,000)	(189,000)	(171,000)
Total shareholders' equity	14,896,000	13,944,000	13,981,000
Total liabilities & shareholders' equity	$ 20,980,000	$ 28,485,000	$ 25,848,000

See accompanying notes to the unaudited condensed consolidated financial statements

Table of Contents

WELLS-GARDNER ELECTRONICS CORPORATION

Condensed Consolidated Statements of Cash Flows (unaudited)

Three Months and Nine Months Ended September 30, 2009

	Three Months Ended		Nine Months Ended	
	September 30, 2009	**September 30,** 2008	**September 30,** 2009	**September 30,** 2008
Cash flows from operating activities:				
Net earnings (loss)	$ 266,000	(184,000) $	853,000 $	185,000
Adjustments to reconcile net earnings to				
net cash provided by (used in) operating activities:				
Depreciation and amortization	65,000	30,000	129,000	138,000
Bad Debt Expense	(12,000)	(14,000)	36,000	(12,000)
Amortization of unearned compensation	21,000	19,000	62,000	56,000
Retained earnings dividend from Joint Venture	0	(2,000)	0	(2,000)
Changes in current assets & liabilities				
Accounts receivable	1,160,000	(26,000)	122,000	358,000
Inventory	2,364,000	(1,636,000)	3,110,000	(699,000)
Prepaid expenses & other	(466,000)	215,000	(121,000)	475,000
Accounts payable	(116,000)	(63,000)	(553,000)	(48,000)
Due to/from subcontractor	(1,908,000)	(12,000)	(470,000)	(837,000)
Accrued expenses	219,000	(241,000)	555,000	43,000
Net cash provided by (used in) operating activities	**$ 1,593,000 $**	**(1,914,000) $**	**3,723,000 $**	**(343,000)**
Cash (used in) provided by investing activities:				
Dividend from Joint Venture	0	123,000	0	123,000
(Additions) to plant & equipment, net	(21,000)	(56,000)	(54,000)	(61,000)
Net cash (used in) provided by investing activities	**$ (21,000) $**	**67,000** $	**(54,000) $**	**62,000**
Cash (used in) provided by financing activities:				
(Repayments) borrowings - note payable	(1,731,000)	1,714,000	(3,702,000)	216,000
Net cash (used in) provided by financing activities	**$ (1,731,000) $**	**1,714,000** $	**(3,702,000) $**	**216,000**
Net (decrease) in cash	(159,000)	(133,000)	(33,000)	(65,000)
Cash at beginning of period	310,000	367,000	184,000	299,000
Cash at end of period	**$ 151,000 $**	**234,000** $	**151,000 $**	**234,000**
Supplemental cash flow disclosure:				
Interest paid	55,000	88,000	171,000	200,000
Taxes paid	7,000	8,000	25,000	25,000

** See accompanying notes to the unaudited condensed consolidated financial statements.

WELLS-GARDNER ELECTRONICS CORPORATION

Notes to the Unaudited Condensed Consolidated Financial Statements

1. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of normal recurring adjustments, which are necessary for a fair presentation of the financial position and results of operations for the periods presented. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes included in the Company's 2008 Annual Report to Shareholders. The results of operations for the nine months ended September 30, 2009 are not necessarily indicative of the operating results for the full year.

2. The Company has decided not to declare a stock dividend for 2009.

3. Basic earnings per share are based on the weighted average number of shares outstanding whereas diluted earnings per share include the dilutive effect of unexercised common stock equivalents. Potentially dilutive securities are excluded from diluted earnings per share calculations for periods with a net loss. For all periods reported, the earnings per share have been retroactively restated to reflect the stock dividends issued in 2008.

4. The Company maintains an Incentive Stock Option and Stock Award Plan under which officers and key employees may acquire up to a maximum of 1,954,674 common shares. The Board of Directors approved an increase in the number of authorized shares for the Stock Award Plan from 300,000 to 600,000 on February 20, 2009 which was ratified by the shareholders on May 12, 2009.

Stock Options

Options may be granted through December 31, 2008 at an option price not less than fair market value on the date of grant and are exercisable not earlier than six months nor later than ten years from the date of grant. Options vest over two and three year periods. As of September 30, 2009, 6 persons held outstanding options and were eligible to participate in the plan. Such options expire on various dates through April 8, 2014.

Under the stock option plan, the exercise price of each option equals the market price of the Company's stock on the date of grant. For purposes of calculating the compensation cost consistent with FASB ASC 718 *Stock Compensation* guidelines, the fair value of each grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company has not issued any Incentive Stock Options since 2004, except for adjustments to previous grants for the 5% stock dividend declared in subsequent years. It is the Company's policy to issue new stock certificates to satisfy stock option exercises.

The following table summarizes information about stock options outstanding for the nine months ending September 30, 2009:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at beginning of year	66,862	$1.85		
Granted	0	$0.00		
Forfeited	(18,408)	$1.40		
Exercised	0	$0.00		
Outstanding, September 30, 2009	48,454	$2.02	2.3	0
Exercisable, September 30, 2009	48,454	$2.02	2.3	0

Restricted Shares

The employees will earn the restricted shares in exchange for services to be provided to the Company over a three year or five-year vesting period. All shares granted are governed by the Company's Stock Award Plan, which was approved by shareholders in 2000. As of September 30, 2009, 165,935 restricted shares are outstanding on a dividend adjusted basis. Total unrecognized compensation cost related to unvested stock awards is approximately $142,000 and is expected to be recognized over a weighted average period of 2 years.

The following table summarizes information regarding Restricted Share activity for the nine months ending September 30, 2009:

	Options	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2008	104,961	$2.73
Granted	72,000	$0.46
Vested	(11,026)	$3.37
Forfeited	0	$0.00
Outstanding, September 30, 2009	165,935	$1.70

5. Our inventory detail as of September 30, 2009, September 30, 2008 and December 31, 2008 was as follows:

(in $000's)	September 30, 2009 (unaudited)	September 30, 2008 (unaudited)	December 31, 2008
Inventory:			
Raw materials	$ 3,168	$ 3,089	$ 3,706
Work in progress	0	105	52
Intransit finished goods	1,506	1,982	1,593
Finished goods	4,002	8,436	6,435
Total	$ 8,676	$ 13,612	$ 11,786

6. On September 15, 2009, the Company signed an amendment to extend the term of the credit agreement with Wells Fargo Bank to August 21, 2013. The amended credit agreement is a $12 million revolving credit facility. The amended credit facility has an interest rate of three month LIBOR plus 500 basis points, plus other fees including annual maintenance and exam fees. The credit facility has several financial covenants including a minimum book net worth, minimum net earnings, maximum capital expenditures and maximum compensation increases. The financial covenants, which remained the same, now include a provision that any future write off of goodwill will be an add back to the net worth and earnings covenants. Substantially all of the Company's assets are collateralized by the new credit facility. The Company is in compliance with all of its covenants at September 30, 2009.

7. An income tax valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company has historically provided a 100% valuation allowance on their net deferred tax benefits. The net change in the valuation allowance for the nine months ended September 30, 2009 was an increase of $30,000 to recognize the portion of deferred tax assets expected to be realized in the near future. This change represents the Company's belief that it is more likely than not that a profit will be generated through the end of 2009, which will allow them to use a portion of the current net operating loss carry forwards. As of December 31, 2008, the Company has net operating loss carry forwards for Federal income tax purposes of approximately $5,823,000, which are available to offset future Federal taxable income, if any, through 2021. The Company also has alternative minimum tax credit carry forwards of approximately $74,000, which are available to reduce future Federal regular income taxes, if any, over an indefinite period. In addition, the Company has general business credit carry forwards of approximately $129,000, which are available to reduce future Federal regular income taxes, if any. These general business credits are scheduled to expire in 2012. No unrecognized tax benefits are set to expire in the next twelve months that may have an impact upon the Company's effective tax rate.

The Company files tax returns in the U.S. federal jurisdiction and various state jurisdictions. The tax years 2006, 2007 and 2008 remain open to examinations. Our policy is to recognize interest and penalties related to uncertain tax positions in income tax expense. During the nine months ended September 30, 2009, the Company did not recognize expense for interest or penalties related to income tax, and do not have any amounts accrued at September 30, 2009, as the Company does not believe it has taken any uncertain income tax positions.

8. The Company recorded other expense of $0 for the three months ended and $166,000 for the nine months ended September 30, 2009. This expense was primarily due to sales tax, interest & penalties for prior years.

9. In September 2006, the FASB issued FASB ASC 820, *Fair Value measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value and expanded disclosures about fair value measurement. In February 2008, the FASB announced the deferral for one year the effective date of FASB ASC 820 for nonfinancial assets and liabilities that are recognized at fair value in the financial statements on a nonrecurring basis. The Company adopted FASB ASC 820 effective January 1, 2008 for financial assets and liabilities measured on a recurring basis and effective January 1, 2009 for non-financial assets and liabilities. The adoption did not have an impact on the Company's financial statements.

10. In June 2009, the FASB issued FASB ASC 105, *Generally Accepted Accounting Principles*, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the Company has updated references to GAAP in its financial statements issued for the period ended September 30, 2009. The adoption of FASB ASC 105 did not impact the Company's financial position or results of operations.

11. In May 2009, the Company was served with a complaint filed in the Supreme Court of New South Wales in Sydney, Australia by MVD Electronics PTY Limited (formerly Wells-Gardner Electronics Corporation PTY Limited). The plaintiff has made a claim due to an alleged wrongful termination of a sales representative agreement. The Company has settled this lawsuit through mediation. Although the settlement details are confidential, all settlement costs have been accrued and included in the condensed consolidated statement of earnings for the three and nine months ending September 30, 2009.

12. The Company has evaluated subsequent events through November 10, 2009, the date the financial statements were issued, for the three and nine months ended September 30, 2009.

Item 2. Management's Discussion & Analysis of Financial Condition & Results of Operations

Three Months Ended September 30, 2009 & 2008

For the third quarter ended September 30, 2009, net sales increased by 19% to $13,446,000 from $11,283,000 in third quarter 2008. Overall video display unit volume increased almost 7,000 units or 25% with a $2.1 million or 19% sales increase. Video display average selling price declined about 7% year over year in the third quarter. Parts sales increased $0.2 million and used games sales decreased $0.2 million in the third quarter 2009 compared to the same quarter 2008. Gaming sales for the third quarter 2009 increased by 23% to $12,812,000 from $10,422,000 in the third quarter 2008 due to an improving gaming market. Amusement sales decreased by 26% to $634,000 in the third quarter 2009 from $860,000 in the third quarter 2008 primarily due to lower replacement market sales. As a result, gaming sales accounted for 95% of total sales and amusement sales accounted for 5% of total sales in the third quarter 2009 compared to 92% and 8% respectively in the same quarter 2008.

Gross margin for the third quarter 2009 increased $705,000 to $2,391,000 or 17.8% of sales compared to $1,686,000 or 14.9% in the third quarter 2008 for a 2.8 point increase in margin percentage. The $2.4 million sales increase increased the gross margin by $323,000, while the increase in margin percentage increased the gross margin by $382,000. The margin improvement was due to significantly higher parts margin and higher display margins due to a higher percentage being produced in China and improved design and purchasing. The company is concentrating on new parts lines with improved margin and introducing new lower cost video display products for all markets.

Operating expense increased by $287,000 in the third quarter 2009 compared to the same quarter 2008. Nevertheless, operating expenses decreased to 15.4% of sales in the quarter from 15.8% of sales in the same quarter last year as the sales increase offset the higher operating expense. The operating expense increases were due to a $234,000 increase in compensation and benefit expense due to increase accruals, a $110,000 increase in commission expenses and a $17,000 increase in occupancy expenses partially offset by a $74,000 decrease in other primarily lower sample expense. The Company continues to control its headcount and to place emphasis on operating expense control.

Operating income increased to $319,000 in the third quarter 2009 compared to a $99,000 loss in the third quarter 2008 due to higher sales and margin partially offset by higher operating expense.

Interest expense was $55,000 in the third quarter 2009 compared to $88,000 in the third quarter 2008 due to lower average debt balances and lower interest rates. Other expense was zero in the third quarter 2009 compared to $(3,000) credit in the third quarter 2008.

Income tax expense was $(2,000) credit in the third quarter 2009 compared to zero in the third quarter 2008. The Company has available a net operating loss carry forward and credits of approximately $6.1 million as of December 31, 2008.

Net income was $266,000 in the third quarter 2009 compared to $(184,000) loss in the third quarter 2008. For the third quarter 2009 basic and diluted earnings per share was $0.03 compared to basic and diluted earnings per share of $(0.02) in the third quarter 2008.

Nine Months Ended September 30, 2009 & 2008

For the nine months ended September 30, 2009, net sales decreased by 3% to $39,426,000 from $40,724,000 the nine months 2008. Even though video display unit volume increased 1%, video display sales decreased by 5% or $1.8 million as the average video display average selling price declined by 6%. Parts sales increased $0.9 million and used games sales decreased $0.4 million in the nine months 2009 compared to the same period 2008. Gaming sales for the nine months 2009 increased by 1% to $36,669,000 from $36,187,000 in the nine months 2008 despite difficult gaming market. Amusement sales decreased by 39% to $2,758,000 in the nine months 2009 from $4,537,000 in the nine months 2008 primarily due to lower replacement market sales. As a result, gaming sales accounted for 93% of total sales and amusement sales accounted for 7% of total sales the nine months 2009 compared to 89% and 11% respectively in the same period 2008.

Gross margin for the nine months 2009 increased $616,000 to $7,076,000 or 18.0% of sales compared to $6,459,000 or 15.9% in the nine months 2008 for a 2.1 point increase in margin percentage. The $1.3 million sales decline reduced the gross margin by $206,000 while the increase in margin percentage increased the gross margin by $822,000. The margin improvement was due to significantly higher parts margin and some improvement in display margins due to a higher percentage being produced in China and improved design and purchasing. The company is concentrating on new parts lines with improved margin and introducing new lower cost video display product for class III gaming, class II gaming and amusement markets.

Operating expense decreased by $96,000 in the nine months 2009 compared to the same period 2008. Due to the $1.3 million sales decline, operating expenses increased to 14.9% of sales in the nine months from 14.6% of sales in the same period last year. The operating expense reductions were due to a $62,000 decline in commission expenses, a $42,000 decline in IT depreciation expense and a $110,000 decline in other partially offset by a $68,000 increase in compensation and benefit expense and a $50,000 increase in occupancy expense. The Company continues to place emphasis on operating expense control.

Operating income increased $712,000 to $1,207,000 in the nine months 2009 compared to $495,000 in the nine months 2008 even on $1.3 million lower sales primarily due to higher margins.

Interest expense was $171,000 in the nine months 2009 compared to $288,000 in the nine months 2008 due to lower average debt balances and lower interest rates. Investment in joint venture was zero in the nine months 2009 compared to a $3,000 credit in the same period 2008. Other expense was $166,000 in the nine months 2009 compared to zero in the nine months 2008 due to state tax audit expenses.

Income tax expense was $17,000 in the nine months 2009 compared to $25,000 in the nine months 2008. The Company has available a net operating loss carry forward and credits of approximately $6.1 million as of December 31, 2008.

Net income was $853,000 in the nine months 2009 compared to $185,000 in the nine months 2008. For the nine months 2009 basic and diluted earnings per share was $0.08 compared to basic and diluted earnings per share of $0.02 in the nine months 2008.

Liquidity & Capital Resources

Cash provided by operating activities during the third quarter ended September 30, 2009 was $1,593,000.

Earnings plus non cash adjustments were $340,000. Accounts receivable decreased by $1,160,000 in the third quarter to $6,131,000 on September 30, 2009 due to the lower sales level compared to the second quarter 2009. In addition, accounts receivable days outstanding decreased to 42 days on September 30, 2009 from 46 days on June 30, 2009. Inventory decreased by $2,364,000 to $8,676,000 on September 30, 2009 compared to $11,040,000 on June 30, 2009. The primary cause of the inventory reduction was the Company's largest customer shifting from vendor managed inventory to invoice upon receipt. As a result, days cost of sales in inventory decreased to 72 days on September 30, 2009 from 85 days on June 30, 2009. Prepaid expenses increased by $466,000 in the third quarter due to higher LCD purchases. Due to subcontractors decreased more than due from subcontractors by $1,908,000 in the third quarter due to paying our subcontractors earlier than normal and lower production later in the quarter. Even though accounts payable days outstanding increased to 26 days on September 30, 2009 from 24 days at June 30, 2009, accounts payable decreased by $116,000 due to lower production later in the quarter. Accrued expenses increased by $219,000 in the third quarter.

During the third quarter 2009, cash provided by investing activities was zero. Cash used by investing activities was $21,000 primarily for IT hardware and software.

Long-term notes payable decreased to $1,483,000 on September 30, 2009 from $3,214,000 on June 30, 2009 resulting in $1,731,000 of cash used for financing activities. Proceeds from options exercised were zero during the third quarter 2009.

Cash decreased $159,000 from June 30, 2009 to $151,000 as of September 30, 2009.

Cash provided by operating activities during the nine months ended September 30, 2009 was $3,723,000.

Earnings plus non cash adjustments were $1,080,000. Accounts receivable decreased by $122,000 in the nine months to $6,131,000 on September 30, 2009 even though sales were slightly higher in the third quarter 2009 compared to the fourth quarter 2008 as accounts receivable days outstanding decreased to 42 days on September 30, 2009 from 44 days on December 31, 2008. Inventory decreased $3,110,000 to $8,676,000 on September 30, 2009 compared to $11,786,000 on December 31, 2008 due to the Company's largest customer shifting from vendor managed inventory to invoice upon receipt and continued emphasis on inventory control. Days cost of sales in inventory decreased to 72 days on September 30, 2009 from 96 days on December 31, 2008. Prepaid expenses decreased by $121,000 in the nine months 2009. Due to subcontractors increased more than due from subcontractors by $470,000 in the nine months 2009 due to paying our subcontractors earlier than normal and lower production late in the quarter. Accounts payable decreased by $553,000 in the nine months 2009 as accounts payable days outstanding declined to 26 days on September 30, 2009 compared to 31 days at December 31, 2008 due to our paying vendors slightly faster. Accrued expenses increased by $555,000 in the nine months 2009.

During the nine months 2009, cash provided by investing activities was zero. Cash used by investing activities was $54,000 net of asset disposals primarily for IT hardware and software.

Long-term notes payable decreased to $1,483,000 on September 30, 2009 from $5,185,000 on December 31, 2008 resulting in $3,702,000 of cash used for financing activities. Proceeds from options exercised were zero during the nine months 2009.

Cash decreased $33,000 from December 31, 2008 to $151,000 as of September 30, 2009.

On September 15, 2009, the Company signed an amendment to extend the term of the credit agreement with Wells Fargo Bank to August 21, 2013. The amended credit agreement is a $12 million revolving credit facility. The amended credit facility has an interest rate of three month LIBOR plus 500 basis points. The credit facility has several financial covenants including a minimum book net worth, minimum net earnings, maximum capital expenditures and maximum compensation increases. The financial covenants, which remained the same, now include a provision that any future write off of goodwill will be an add back to the net worth and earnings covenants. The Company is in compliance with all of its covenants at September 30, 2009.

Item 3. Quantitative & Qualitative Disclosures about Market Risk

There have been no material changes to the Company's market risk during the nine months ended September 30, 2009. For additional information on market risk, refer to the "Quantitative and Qualitative Disclosures about Market Risk" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

The Company is subject to certain market risks, mainly interest rate risk. In August 2006, the Company entered into a four-year secured credit facility with Wells Fargo Bank. In September 2009, the Company entered into a three-year extension of the credit facility.

As of September 30, 2009, the Company had total outstanding bank debt of $1.5 million at an average interest rate of 5.3%. The loan is at three month Libor plus 5.00% with a minimum interest charge of $15,000 per month. All of the Company's debt is subject to variable interest rates at this time. An adverse change in interest rates during the time that this debt is outstanding would cause an increase in the amount of interest paid. If the debt would exceed approximately $3 million, then a 100 basis point increase in interest rates would result in an annual increase of approximately $30,000 in additional interest expense recognized in the financial statements. The Company may make payments towards the loans at any time without penalty. However, there is a minimum interest charge of $15,000 per month through August, 2010 which reduces to $10,000 per month through August, 2012.

The Company is exposed to credit risk on certain assets, primarily accounts receivable. The currency risk is minimal as almost all of the Company's sales are billed in US dollars. The Company provides credit to customers in the ordinary course of business and performs ongoing credit evaluations. Concentrations of credit risk with respect to trade receivables are limited except for the Company's largest customer.

Item 4. Controls & Procedures

The Company has established a Disclosure Committee, which is made up of the Company's Chief Executive Officer, Chief Financial Officer and other members of management. The Disclosure Committee conducts an evaluation of the effectiveness of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e) as of the end of the period covered by this report. While the Company has limited resources and cost constraints due to its size, based on the evaluation required by Rule 13a-15(b), the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective in ensuring that all material information required to be filed in this quarterly report has been made known to them. As of September 30, 2009, there have been no known significant changes in internal controls or in other factors that could significantly affect these controls.

New Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, *Generally Accepted Accounting Principles*, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the Company has updated references to GAAP in its financial statements issued for the period ended September 30, 2009. The adoption of FASB ASC 105 did not impact the Company's financial position or results of operations.

Forward Looking Statements

Because the Company wants to provide shareholders and potential investors with more meaningful and useful information, this report may contain certain forward-looking statements (as such term is defined in the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended) that reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company. Such forward-looking statements are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. The Company has tried, wherever possible, to identify these forward-looking statements by using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. These statements reflect the Company's current beliefs and are based on information currently available to it. Accordingly, these statements are subject to certain risks, uncertainties and assumptions which could cause the Company's future results, performance or achievements to differ materially from those expressed in, or implied by, any of these statements, which are more fully described in our Securities and Exchange Commission Form 10-K filing. The Company undertakes no obligation to release publicly the results of any revisions to any such forward-looking statements that may be made to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

Table of Contents

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In May 2009, the Company was served with a complaint filed in the Supreme Court of New South Wales in Sydney, Australia by MVD Electronics PTY Limited (formerly Wells-Gardner Electronics Corporation PTY Limited). The Company filed its defense regarding the Company's termination of the Australian sales representation agreement on June 8, 2009. In early July 2009, the Company received a request to agree to mediation. On July 29, 2009 the Company amended its defense. Mediation occurred in mid October and a settlement agreement between the parties was reached at the end of October 2009. The settlement, which is confidential, was paid in early November 2009 and the amount was accrued in the Company's September 30, 2009 financial statements.

Table of Contents

Item 6. Exhibits & Reports on Form 8-K

(a). Exhibits:

Exhibit 10.14	-	Third Amendment to Credit and Security Agreement dated September 15, 2009.
Exhibit 31.1	-	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	-	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	-	Statement of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b). Press Releases:

The following press releases have been issued by the Company during the Company's first seven months 2009, which are available on the Company's website (www.wellsgardner.com) under its Investor Information section:

DATE:	**TITLE**
01/27/09	Wells-Gardner Announces the Granting of Its First LCD Patent
02/18/09	Wells-Gardner Reports Improved Fourth Quarter and Fiscal 2008 Earnings
03/31/09	Wells-Gardner Ships First Order of Flip Video Products
05/06/09	Wells-Gardner Reports First Quarter 2009 Earnings
07/14/09	Wells-Gardner Updates Expectations on 2nd Quarter 2009
08/04/09	Wells-Gardner Reports Second Quarter Earnings Increased by 185 Per Cent to $484,000 or $0.05 Per Share
08/11/09	Wells-Gardner Announces It Has Been Selected as One of Two Approved Suppliers of 22 Inch LCDs by Aristocrat
09/09/09	Wells-Gardner Announces It Has Developed the Only 3D Product With True 2D Capabilities
09/16/09	Wells-Gardner Announces Credit Agreement Extension With Wells Fargo to August 2013
10/23/09	Wells-Gardner Announces Investor Presentation at the Deutsche Bank 2009 Gaming Investment Forum at G2E

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, thereunto duly authorized.

WELLS-GARDNER ELECTRONICS CORPORATION

Date: November 10, 2009 By: 

James F. Brace
Executive Vice President,
Chief Financial Officer,
Treasurer & Corporate Secretary

EXHIBIT 10.14

THIRD AMENDMENT TO CREDIT AND SECURITY AGREEMENT

THIS THIRD AMENDMENT (the “Amendment”), dated September 15, 2009, is entered into by and between WELLS GARDNER ELECTRONICS CORPORATION, an Illinois corporation (“Wells Gardner”) and AMERICAN GAMING & ELECTRONICS, INC., a Nevada corporation (“American”), Wells Gardner and American, each a Borrower are hereinafter, unless referenced individually, collectively referred to as (the “Borrower”), and WELLS FARGO BANK, NATIONAL ASSOCIATION (the “Lender”), acting through its Wells Fargo Business Credit operating division.

RECITALS

The Borrower and the Lender are parties to a Credit and Security Agreement dated August 21, 2006 (as amended from time to time, the “Credit Agreement”). Capitalized terms used in these recitals have the meanings given to them in the Credit Agreement unless otherwise specified.

The Borrower has requested that certain amendments be made to the Credit Agreement, which the Lender is willing to make pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, it is agreed as follows:

1. Terms used in this Amendment, which are defined in the Credit Agreement shall have the same meanings as defined therein, unless otherwise defined herein.

2. The Credit Agreement is hereby amended and modified as follows:

(a) The following definitions in Section 1.1 Definitions shall be amended to read as follows:

“Borrowing Base” means at any time the lesser of:

(a) The Maximum Line Amount; or

(b) Subject to change from time to time in the Lender’s sole discretion, the sum of:

(i) The lesser of (A) the product of the Accounts Advance Rate times Eligible Accounts or (B) $12,000,000.00, plus

(ii) During the Foreign Accounts Eligibility Period and subject to Lender’s and the insurance underwriter’s approval, the lesser of

(A) the product of the Accounts Advance Rate times Eligible Foreign Accounts or (B) $2,500,000.00, which shall only consist of Eligible Foreign Accounts subject to insurance coverage in such amounts and from insurance carriers acceptable to Lender (it being agreed that as of the date of the Third Amendment to this Agreement only the following Eligible Foreign Accounts insured by Euler Hermes as of such date shall be included under this clause (ii) calculation: Aristocrat Leisure Industries PTY.LTD Australia only (not Macau) (limitation of $2,000,000.00 shall apply) and Recreativos Franco S.A. (limitation of $150,000.00 shall apply) and MSC/Keycorp (limitation of $100,000.00 shall apply), and Konami Australia (limitation of $400,000.00 shall apply).

(iii) The lesser of (A) $8,000,000.00 or (B) the sum of:

(1) The lesser of (A) the product of the Raw Material Inventory Advance Rate times Eligible Raw Material Inventory or (B) $2,400,000.00, plus

(2) The lesser of (A) the product of the Work in Process Inventory Advance Rate times Eligible Work in Process Inventory or (B) $100,000.00, plus

(3) The lesser of (A) the product of the Finished Goods Inventory Advance Rate times Eligible Finished Goods Inventory or (B) $4,500,000.00, plus

(4) The lesser of (A) the product of the In-Transit Inventory Advance Rate times Eligible In-Transit Inventory or (B) $2,000,000.00, less

(iv) The Borrowing Base Reserve, less

(v) Indebtedness that the Borrower owes to the Lender that has not yet been advanced on the Revolving Note, and the dollar amount that the Lender in its discretion believes is a reasonable determination of the Borrower’s credit exposure with respect to any swap, derivative, foreign exchange, hedge, deposit, treasury management or other similar transaction or arrangement offered to Borrower by Lender that is not described in Article II of this Agreement and any indebtedness owed by Borrower to Wells Fargo Merchant Services, LLC.

Clauses (i) and (xii) of the “Eligible Accounts” definition shall be amended as follows:

(i) That portion of Accounts unpaid 90 days or more after the invoice date except that portion of accounts unpaid 120 days or more after invoice date only for Aristocrat Technologies Leisure Industries Pty and Aristocrat Technologies Inc.-LV;

(xiii) Accounts owed by an account debtor, regardless of whether otherwise eligible, to the extent that the aggregate balance of such Accounts exceeds fifteen percent (15%) of the aggregate amount of all Eligible Accounts, except for Aristocrat (limitation of 45% shall apply, Bally (limitation of 25% shall apply) and WMS (limitation of 25% shall apply);

Subsection (xi) of the definition of "Eligible Foreign Accounts" shall be amended to read as follows:

(xi) Subject to Lender's and the insurance underwriter's approval, that portion of Accounts owed by any one account debtor that would permit Revolving Advances supported by such account debtor's Accounts to exceed $2,500,000 at any one time only with respect to all, excluding, Accounts subject to insurance coverage in such amounts and from insurance carriers acceptable to Lender (it being agreed that as of the date of the Third Amendment to this Agreement only the following Accounts insured by Euler Hermes as of such date shall be so excluded: Aristocrat Leisure Industries PTY.LTD Australia only (not Macau) (limitation of $2,000,000.00 shall apply) and Recreativos Franco S.A. (limitation of $150,000.00 shall apply) and MSC/Keycorp (limitation of $100,000.00 shall apply), and Konami Australia (limitation of $400,000.00 shall apply), except as otherwise provided in (b)(ii) of the definition of "Borrowing Base."

"Eligible In-Transit Inventory" means all Inventory of the Borrower that is in-transit, valued at the lower of cost or market in accordance with GAAP, (but excluding such Inventory excluded under the definition of Eligible Inventory) and that has, at Lender's sole discretion, as proper documentation for eligibility consisting of the invoice, bill of lading, packing slips, FCC compliance certificate and an In-transit report and documentation letter from the freight forwarder detailing the goods and confirming that the shipment has departed. If the freight forwarder is unable to provide the original bill of lading, an agreement must be executed between the freight forwarder and Lender which indicates that the freight forwarder ensures once the forwarder receives a bill of lading on behalf of Borrower and Lender, such that forwarder will take direction from Lender with respect to the goods providing further that such In-Transit Inventory reporting to Lender is updated weekly, acceptable to the Lender in its sole discretion.

"Floating Rate" means an annual interest rate equal to the sum of the three month daily LIBOR plus 5.0%.

"Maturity Date" means August 21, 2013.

"Maximum Line Amount" means $12,000,000.00.

(b) Section 2.5(b) shall be amended as follows:

(b) Minimum Interest Charge. Notwithstanding any other terms of this Agreement to the contrary, the Borrower shall pay to the Lender interest of not less than $15,000.00 per calendar month in arrears (the "Minimum Interest Charge") from the date of the execution of this Third Amendment and for the next twelve months, and the Borrower shall pay to the Lender interest of not less than $10,000.00 per calendar month in arrears (the "Minimum Interest Charge") from the first anniversary of this Third Amendment and for the next twenty four months, and the Borrower shall pay interest of not less than $5,000 per calendar month from the third anniversary of this Third Amendment until the Termination Date and any deficiency between the Minimum Interest Charge and the amount of interest otherwise calculated under Section 2.5(a) on the first day of each month and on the Termination Date. When calculating this deficiency, the Default Rate, if applicable, shall be disregarded, and any interest that accrues on a payment following its receipt on those days specified in Section 2.6(d) shall be included in determining the total amount of interest otherwise calculated under Section 2.6(a).

(c) Section 2.6(l) shall be added as follows:

(l) **Administration Fees**. The Borrower shall pay the Lender a fee with respect to administering In-Transit Inventory eligibility of $25,000 per annum payable monthly.

(d) Section 6.2 Financial Covenants shall be amended as follows:

(a) Minimum Book Net Worth. While any part of the Indebtedness remains unpaid, the Borrower shall, unless waived in writing by Lender, continuously maintain: (a) a minimum Book Net Worth as of the quarter ending June 30, 2006 of not more than a negative Two Hundred Thirty-Four Thousand Dollars (<$234,000.00>) less than the Book Net Worth as of the end of the preceding fiscal year end, (b) a minimum Book Net Worth as of the quarter ending September 30, 2006 of not more than a negative One Hundred Eighty-Four Thousand Dollars (<$184,000.00>) less than the Book Net Worth as of the end of the preceding fiscal year end, (c) a minimum Book Net Worth as of the fiscal year ending December 31, 2006 of not more than a negative One Hundred Twenty-Five Thousand Dollars (<$125,000.00>) less than the Book Net Worth as of the end of the preceding fiscal year end, (d) a minimum Book Net Worth as of each quarter ending March 31st, commencing March 31, 2007, of not more than a negative One Hundred Thousand Dollars (<$100,000.00>) less than the Book Net

Worth as of the end of the preceding fiscal year end, (e) a minimum Book Net Worth as of each quarter ending June 30th, commencing June 30, 2007, of not less than Seventy-Five Thousand Dollars ($75,000.00) more than the Book Net Worth as of the end of the preceding fiscal year end, (f) a minimum Book Net Worth as of each quarter ending September 30th, commencing September 30, 2007, of not less than One Hundred Twenty-Five Thousand Dollars ($125,000.00) more than the Book Net Worth as of the end of the preceding fiscal year end, and (g) a minimum Book Net Worth as of each fiscal year ending December 31st, commencing December 31, 2007, of not less than One Hundred Fifty Thousand Dollars ($150,000.00) more than the Book Net Worth as of the end of the preceding fiscal year end. In calculating this covenant, the non-cash goodwill impairment for American of up to One Million Three Hundred Twenty-Nine Thousand Dollars ($1,329,000.00) shall be excluded.

(b) **Net Earnings**. While any part of the Indebtedness remains unpaid, the Borrower shall, unless waived in writing by the Lender, demonstrate Net Earnings of: (i) not more than a negative Two Hundred Thirty-Four Thousand Dollars (<$234,000.00>) for the quarter ending June 30, 2006, (ii) not more than a negative One Hundred Eighty-Four Thousand Dollars (<$184,000.00>) for the quarter ending September 30, 2006, (iii) not more than a negative One Hundred Twenty-Five Thousand Dollars (<$125,000.00>) for the fiscal year ending December 31, 2006, (iv) not more than a negative One Hundred Thousand Dollars (<$100,000.00>), year to date, for each quarter ending March 31st, commencing March 31, 2007, (v) not less than Seventy-Five Thousand Dollars ($75,000.00), year to date, for each quarter ending June 30th, commencing June 30, 2007, (vi) not less than One Hundred Twenty-Five Thousand Dollars ($125,000.00), year to date, for each quarter ending September 30th, commencing September 30, 2007, and (vii) not less than One Hundred Fifty Thousand Dollars ($150,000.00) for each fiscal year thereafter ending December 31st, commencing on December 31, 2007. In calculating this covenant, the non-cash goodwill impairment for American of up to One Million Three Hundred Twenty-Nine Thousand Dollars ($1,329,000.00) shall be excluded.

3. No Other Changes. Except as explicitly amended by this Amendment, all of the terms and conditions of the Credit Agreement shall remain in full force and effect and shall apply to any advance or letter of credit thereunder.

4. Conditions Precedent. This Amendment shall be effective when the Lender shall have received an executed original hereof, together with each of the following, each in substance and form acceptable to the Lender in its sole discretion:

(a) Such other matters as the Lender may require.

5. The Borrower shall pay the Lender as of the date hereof, a fully earned, non refundable fee in the amount of Fifty Thousand Dollars ($50,000.00) in consideration of the

Lender's execution and delivery of this Amendment, which shall be paid upon execution of this Amendment.

6. Representations and Warranties. The Borrower hereby represents and warrants to the Lender as follows:

(a) The Borrower has all requisite power and authority to execute this Amendment and any other agreements or instruments required hereunder and to perform all of its obligations hereunder, and this Amendment and all such other agreements and instruments has been duly executed and delivered by the Borrower and constitute the legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms.

(b) The execution, delivery and performance by the Borrower of this Amendment and any other agreements or instruments required hereunder have been duly authorized by all necessary corporate action and do not (i) require any authorization, consent or approval by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) violate any provision of any law, rule or regulation or of any order, writ, injunction or decree presently in effect, having applicability to the Borrower, or the articles of incorporation or by-laws of the Borrower, or (iii) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease or instrument to which the Borrower is a party or by which it or its properties may be bound or affected.

(c) All of the representations and warranties contained in Article V of the Credit Agreement are correct on and as of the date hereof as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date.

7. References. All references in the Credit Agreement to "this Agreement" shall be deemed to refer to the Credit Agreement as amended hereby; and any and all references in the Security Documents to the Credit Agreement shall be deemed to refer to the Credit Agreement as amended hereby.

8. No Waiver. The execution of this Amendment and the acceptance of all other agreements and instruments related hereto shall not be deemed to be a waiver of any Default or Event of Default under the Credit Agreement or a waiver of any breach, default or event of default under any Security Document or other document held by the Lender, whether or not known to the Lender and whether or not existing on the date of this Amendment.

9. Release. The Borrower hereby absolutely and unconditionally releases and forever discharges the Lender, and any and all participants, parent corporations, subsidiary corporations, affiliated corporations, insurers, indemnitors, successors and assigns thereof, together with all of the present and former directors, officers, agents and employees of any of the foregoing, from any and all claims, demands or causes of action of any kind, nature or description, whether arising in law or equity or upon contract or tort or under any state or federal

law or otherwise, which the Borrower has had, now has or has made claim to have against any such person for or by reason of any act, omission, matter, cause or thing whatsoever arising from the beginning of time to and including the date of this Amendment, whether such claims, demands and causes of action are matured or unmatured or known or unknown.

10. Costs and Expenses. The Borrower hereby reaffirms its agreement under the Credit Agreement to pay or reimburse the Lender on demand for all costs and expenses incurred by the Lender in connection with the Loan Documents, including without limitation all reasonable fees and disbursements of legal counsel. Without limiting the generality of the foregoing, the Borrower specifically agrees to pay all fees and disbursements of counsel to the Lender for the services performed by such counsel in connection with the preparation of this Amendment and the documents and instruments incidental hereto. The Borrower hereby agrees that the Lender may, at any time or from time to time in its sole discretion and without further authorization by the Borrower, make a loan to the Borrower under the Credit Agreement, or apply the proceeds of any loan, for the purpose of paying any such fees, disbursements, costs and expenses and the fee required under Paragraph 5 of this Amendment.

11. Miscellaneous. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original and all of which counterparts, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By _/s/ Brian T. Sprink____________________
Brian T. Sprink
Its: Vice President

WELLS GARDNER ELECTRONICS CORPORATION

By _/s/ James F. Brace _ ___________________
James F. Brace
Its: VP, Secretary, Treasurer and CFO

AMERICAN GAMING & ELECTRONICS, INC.

By _/s/ James F. Brace___________________
James F. Brace
Its: VP and CFO

Exhibit 31.1
CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Anthony Spier, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of Wells-Gardner Electronics Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

(4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

(b) Omitted;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation;

(d) Disclosed in this Quarterly Report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting;

(5) I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the Audit Committee of the registrant's Board of Directors:

(a) Any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant’s auditors any material weakness in internal controls;

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting;

Date: November 10, 2009 **By:**

Anthony Spier
Chairman, President &
Chief Executive Officer

Exhibit 31.2
CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James F. Brace, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of Wells-Gardner Electronics Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

(4) The registrant's other certifying Officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

(b) Omitted;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation;

(d) Disclosed in this Quarterly Report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting;

(5) The registrant's other certifying Officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant’s auditors and the Audit Committee of the registrant's Board of Directors:

(a) Any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data;

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting;

Date: November 10, 2009 **By:** James F Brace

James F. Brace
Executive Vice President
& Chief Financial Officer,
Secretary &Treasurer

Exhibit 32.1
STATEMENT OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Anthony Spier, and I, James F. Brace, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Wells-Gardner Electronics Corporation (the "Company") on Form 10-Q for the three months and nine months ended September 30, 2009:

(1) Fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934;

(2) That the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to such Form 10-Q. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: November 10, 2009 By: Anthony Spier

Anthony Spier
Chairman, President &
Chief Executive Officer

Date: November 10, 2009 By: James F Brace

James F. Brace
Executive Vice President
& Chief Financial Officer,
Secretary &Treasurer