

### Winland Electronics, Inc. Reports Fourth Quarter 2009 Results

Mankato, Minn. / March 18, 2010 - Winland Electronics, Inc. (AMEX: WEX), a leading designer and manufacturer of customer electronic control products and systems, today announced net sales of \$4.5 million for the fourth quarter ended December 31, 2009, down \$3.2 million, or 41.5 percent compared with the corresponding period in 2008. Net income was breakeven for the quarter, unchanged from the comparable quarter in 2008.

EMS sales for the quarter totaled \$3.7 million versus \$7.1 million in the fourth quarter of 2008, a decline of 47.6 percent. Net sales for Winland's proprietary products segment for the quarter totaled \$819,000, an increase of \$158,000, or 23.9 percent from the comparable period in 2008.

"The fourth quarter was a difficult period from a revenue standpoint, with the sales slowdown that began in the second quarter persisting," said Thomas de Petra, President and Chief Executive Officer of Winland Electronics. "However, we are beginning to see production forecasts that suggest a stronger business climate. During the fourth quarter we experienced a nearly five-fold increase in our quotation activity over previous quarters."

Winland's customer base includes companies in transportation logistics and fleet management, industrial, instrumentation, medical and telecommunication.

The Company recorded an operating loss for the quarter of \$606,000 versus operating income of \$62,000 in the comparable quarter in 2008, and gross margin totaled 8.8 percent versus 13.9 percent in the comparable period in 2008. The Company's operating loss was offset by a \$631,000 income tax benefit.

The Company's EMS segment reported an operating loss of \$330,000 in the fourth quarter of 2009 versus an operating profit of \$476,000 in the comparable period of 2008. Winland's proprietary products segment operating income totaled \$151,000, up 152 percent over the \$60,000 in operating income in the fourth quarter of 2008. Fourth quarter gross margin for the Company's proprietary products segment was 37.2 percent versus 41.5 percent in the comparable period in 2008.

"We believe that the process and efficiency improvements we have put in place are paying off," de Petra said. "During the second, third and fourth quarters of 2009, our quality and on-time delivery performance for the first time each exceeded 99 percent, and this continues to earn Winland new opportunities to quote additional programs from existing customers not previously open to us."

### **Twelve-Month Results**

Net sales for the 12 months ended December 31, 2009 totaled \$22.5 million, down \$6.1 million, or 21 percent, versus the comparable period in 2008. EMS net sales declined 24 percent, or \$5.9 million, to \$19.4 million during 2009 compared to a year ago. One customer accounted for \$3.1 million of the decline and the company's top two customers accounted for another \$1.4 million. Three other customers whose orders totaled \$1.8 million in 2008 did not place orders in 2009. These declines were partially offset by Winland's third largest customer whose orders increased approximately \$1.5 million. Sales from engineering services increased \$160,000, to \$1.2 million, a sum also reflected in the company's EMS segment sales. Proprietary Products net sales declined 5.0 percent to \$3.2 million, down \$182,000 from a year ago. Sales to Winland's largest proprietary products distributor were down \$164,000 versus 2008.

The Company reported a net loss of \$1.5 million, or \$0.42 per basic and diluted share for the 12 months ended December 31, 2009 versus a \$1.0 million net loss, or \$0.28 per basic and diluted share, in the comparable period in period in 2008. The current year's loss was driven by a \$6.1 million decrease in net sales compared to a year ago and under-utilization of manufacturing capacity, which was partially offset by improvements in manufacturing and procurement processes. These improvements resulted in reduced warranty expenses of \$102,000 and reduced obsolescence expenses of \$77,000. Workforce reductions resulted in savings of \$479,000 and research and development costs were down \$326,000 year-over-year.

The Company reported a full-year operating loss of \$1.9 million versus an operating loss of \$1.0 million for the 12 months ended December 31, 2008. Gross margin in 2009 of 10.0 percent declined relative to the 12.2 percent for the 12 months ended December 31, 2008.

The Company's EMS segment recorded an operating loss of \$103,000 versus operating income of \$1.1 million for the 12 months ended December 31, 2008. Winland's proprietary products segment operating income increased \$137,000 for the 12 months ended December 31, 2009, to \$264,000, versus a year ago. Gross margin of 41.6 percent for the 12 months ended December 31, 2009 was consistent with the prior year.

Management will host a conference call and webcast to discuss its fourth quarter and fiscal year 2009 results on Thursday, March 18, 2010, at 3:30 p.m. CT / 4:30 p.m. ET.

### **Call Details:**

Date: Thursday, March 18, 2010 Time: 3:30 p.m. CT / 4:30 p.m. ET

Call name: Winland Electronics Fourth Quarter and Fiscal Year 2009 Conference Call

Dial-in number: 877-407-7184

#### Call Replay:

A replay of the conference call will be available from 5:00 p.m. CT / 6:00 p.m. ET on Thursday, March 18, 2010 through Thursday, March 25, 2010. To access the replay, call 877-660-6853, using Account #336 and enter replay ID 345273.

### **Web Cast:**

Winland will also host a webcast of the conference call on-line at <a href="www.winland.com">www.winland.com</a>. The webcast will be available until Thursday, April 22, 2010. To access the web cast, you will need to have the Windows Media Player on your desktop. For a free download of the Media Player, visit <a href="http://www.windowsmedia.com/mediaguide/Downloads">http://www.windowsmedia.com/mediaguide/Downloads</a>.

#### **About Winland Electronics**

Winland Electronics, Inc. (www.winland.com), an electronic manufacturing services (EMS) company, designs and manufactures custom electronic controls and assemblies primarily for original equipment manufacturer ("OEM") customers, providing services from early concept studies through complete product realization. Markets served primarily include medical, industrial, transportation and scientific instrumentation. In addition, the company designs and markets a proprietary line of environmental monitoring products to the security industry. These products monitor and detect critical environmental changes, such as changes in temperature or humidity, water leakage and power failures. Headquartered in Mankato, MN, Winland trades on the NYSE Amex Exchange under the symbol WEX.

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### **Cautionary Statements**

Certain statements contained in this press release and other written and oral statements made from time to time by the Company do not relate strictly to historical or current facts. As such, they are considered forward-looking statements, which provide current expectations or forecasts of future events. The statements included in this release with respect to the following matters are forward looking statements; (i) that the Company is beginning to see production forecasts that suggest a stronger business climate; (ii) that the Company believes that the process and efficiency improvements that it has put in place are paying off; and (iii) that the Company's quality and on-time delivery performance continues to earn it new opportunities to quote additional programs from existing customers not previously open to it. These statements involve a variety of risks and uncertainties, known and unknown, including among other risks that (i) the business climate in fact is not getting stronger; (ii) that the process and efficiency improvements are not in fact paying off; and (iii) that the new opportunities to quote additional programs from existing customers not previously open to it does not continue. Consequently, no forward-looking statement can be guaranteed and actual results may vary materially.

-Tables Follow-

# WINLAND ELECTRONICS, INC. CONDENSED STATEMENTS OF OPERATIONS

(In Thousands, Except Share and Per Share Amounts)

	Fo	or the Three N	Months	Ended					
	December 31,				For the Years Ended December 31,				
		2009	2008		2009		2008		
Net sales	\$	4,538	\$	7,763	\$	22,547	\$	28,665	
Cost of sales		4,138		6,687		20,291		25,175	
Gross profit		400		1,076		2,256		3,490	
Operating expenses									
General and administrative		427		474		2,064		2,243	
Sales and marketing		427		399		1,549		1,392	
Research and development		152		141		546		872	
Total operating expenses		1,006		1,014		4,159		4,507	
Operating income (loss)		(606)		62		(1,903)		(1,017)	
Other income (expense)									
Interest expense		(24)		(27)		(99)		(126)	
Other income (expense), net		2		3		(10)		26	
Total other expense		(22)		(24)		(109)		(100)	
Income (loss) before income taxes		(628)		38		(2,012)		(1,117)	
Income tax benefit (expense)		631		(38)		481_		89_	
Net income (loss)	\$	3	\$		\$	(1,531)	\$	(1,028)	
Income (loss) per common share:									
Basic & Diluted	\$	0.00	\$	0.00	\$	(0.42)	\$	(0.28)	
Weighted-average number of common shares outstanding:									
Basic & Diluted	3	3,664,395		3,649,661		3,664,395		3,649,661	

# Winland Electronics, Inc. Balance Sheets

# December 31, 2009 and 2008

(In Thousands)

Assets         2009         2008           Current Assets         \$ 55         \$ 356           Cash and cash equivalents         \$ 55         \$ 356           Accounts receivable, less allowance for doubtful accounts of \$49 and \$127, respectively         2,823         3,901           Refundable income taxes         1,023         595           Inventories         3,039         4,337           Prepaid expenses and other assets         256         231           Total current assets         7,196         9,420           Property and Equipment, at cost           Land and land improvements         3,83         383           Building         3,052         3,052           Machinery and equipment         7,001         7,028           Data processing equipment         11,28         1,132           Office furniture and equipment         11,26         12,112           Less accumulated depreciation and amortization         7,937         7,201           Net property and equipment         1,126         1,125         1,132           Total assets         1,125         1,132         2,451           Exes accumulated depreciation and amortization         7,937         7,201           Met property and equipment		December 31,			1,
Cash and cash equivalents         3.50           Accounts receivable, less allowance for doubtful accounts of \$49 and \$127, respectively         2,823         3.90           Refundable income taxes         1,023         5.95           Inventories         3,039         4,337           Prepaid expenses and other assets         256         231           Total current assets         7,916         9,420           Property and Equipment, at cost         383         383           Building         3,052         3,052           Machinery and equipment         7,001         7,028           Data processing equipment         1,192         1,183           Office furniture and equipment         16         466           Unfinished property and equipment         172         -           Total property and equipment         1,266         12,112           Less accumulated depreciation and amortization         7,937         7,201           Net property and equipment         3,052         4,329         4,911           Total sesets         1,125         51,333         3         3           Every and equipment         3,052         4,529         4,91         1         2         4,91         1         2         4,91	Assets	2009		2008	
Accounts receivable, less allowance for doubtful accounts of \$49 and \$127, respectively         2,823         3,030         4,337         1,023         5,95         Inventories         3,039         4,337         Pa,337         Pa,337         Pa,337         Pa,337         Pa,337         Pa,337         Pa,337         Pa,337         Pa,337         Pa,332         P	Current Assets				
accounts of \$49 and \$127, respectively         2,823         5.95           Refundable income taxes         1,023         5.95           Inventories         3,03         4,337           Prepaid expenses and other assets         7,196         9,420           Property and Equipment, at cost           Land and land improvements         3,83         383           Building         3,052         3,052           Machinery and equipment         7,001         7,028           Data processing equipment         1,198         1,183           Office furniture and equipment         460         466           Unfinished property and equipment         7,937         7,201           Less accumulated depreciation and amortization         7,937         7,201           Net property and equipment         4,329         4,911           Total assets         3,1525         \$14,331           Very compensation         3,83         3,92           Accounts payable         3,80         3,92           Accounts payable         3,69         4,46           Other         2,97         3,41           Total current liabilities         2,97         3,41           Long-term debt, less current maturities	Cash and cash equivalents	\$	55	\$	356
Refundable income taxes         1,023         5.95           Inventories         3,039         4,337           Prepaid expenses and other assets         256         231           Total current assets         7,196         9,420           Property and Equipment, at cost         3,052         3.052           Land and land improvements         3,052         3.052           Machinery and equipment         7,001         7,028           Data processing equipment         1,198         1,188           Office furniture and equipment         460         466           Unfinished property and equipment         172         -           Total property and equipment         7,937         7,201           Net property and equipment         4,329         4,911           Total sasets         31,525         \$14,333           Eves accumulated depreciation and amortization         7,937         7,201           Net property and equipment         4,329         4,911           Total assets         31,152         \$1,333           Current assets         3,152         \$1,333           Current Liabilities         3,65         \$           Current Liabilities         3,65         4           Compensa	Accounts receivable, less allowance for doubtful				
Prepaid expenses and other assets   256   231   7196   7	accounts of \$49 and \$127, respectively	2,8	23	3	3,901
Prepaid expenses and other assets         256         231           Total current assets         7,196         9,420           Property and Equipment, at cost         383         383           Building         3,052         3,052           Machinery and equipment         7,001         7,022           Data processing equipment         160         466           Unfinished property and equipment         172         -           Total property and equipment         1,266         12,112           Less accumulated depreciation and amortization         7,937         7,201           Net property and equipment         4,329         4,911           Total assets         31,525         14,332           Very property and equipment         4,329         4,911           Total assets         3,052         4,911           Net property and equipment         4,329         4,911           Total assets         3,152         14,312           Maccumulated depreciation and amortization         3,937         2,201           Revolving line-of-credit         3,058         3,052           Current Liabilities         3,059         4,452           Current Liabilities         3,059         4,464	Refundable income taxes	1,0	23		595
Total current assets         7,196         9,400           Property and Equipment, at cost         383         383           Building         3,052         3,052           Machinery and equipment         7,001         7,028           Data processing equipment         1,198         1,188           Office furniture and equipment         460         460           Unfinished property and equipment         17,26         12,126           Total property and equipment         4,329         4,911           Net property and equipment         4,329         4,911           Less accumulated depreciation and amortization         7,937         7,201           Net property and equipment         4,329         4,911           Net property and equipment         4,329         4,911           Less accumulated depreciation and amortization         7,937         7,201           Net property and equipment         3,369         3           Current Liabilities         369         4,021           Current Liabilities         369	Inventories	3,0	39	4	,337
Property and Equipment, at cost   Land and land improvements   383   3	Prepaid expenses and other assets	2	56		231
Land and land improvements         383         383           Building         3,052<	Total current assets	7,1	96	9	,420
Building         3,052         3,052           Machinery and equipment         7,001         7,028           Data processing equipment         1,198         1,183           Office furniture and equipment         460         466           Unfinished property and equipment         172         -           Total property and equipment         1,266         12,112           Less accumulated depreciation and amortization         7,937         7,201           Net property and equipment         4,329         4,911           Total assets         31,525         \$14,331           Every property and equipment         4,329         4,911           Net property and equipment         4,329         4,911           Total assets         361         4,911           Every property and equipment         369         4,911           Total assets         369         369           Current maturities         380         392           Accounts gays like         380         392           Accounts payable         369         4,66           Other         369         4,66           Other         49         121           Total current liabilities         699         1,079     <	Property and Equipment, at cost				
Machinery and equipment         7,001         7,028           Data processing equipment         1,198         1,183           Office furniture and equipment         460         466           Unfinished property and equipment         17,2         -           Total property and equipment         7,937         7,201           Net property and equipment         4,329         4,911           Total assets         31,1525         \$14,331           Current Liabilities         8         367         \$-           Current Liabilities         380         392           Accounts payable         380         392           Accounts payable         369         446           Other         49         121           Total current liabilities         369         446           Other         49         121           Total current liabilities         699         1,079           Long-term debt, less current maturities         699         1,079           Deferred revenue         122         130           Other long-term liabilities         258         129           Total long-term liabilities         3,376         4,754           Stockholders' Equity         3,376 <t< td=""><td>Land and land improvements</td><td>3</td><td>83</td><td></td><td>383</td></t<>	Land and land improvements	3	83		383
Data processing equipment         1,198         1,188           Office furniture and equipment         460         466           Unfinished property and equipment         172         -           Total property and equipment         1,236         12,112           Less accumulated depreciation and amortization         7,937         7,201           Net property and equipment         4,329         4,911           Total assets         4,329         4,911           Eventual Liabilities         367         \$-           Current Liabilities         380         392           Accounts payable         380         392           Accured liabilities         369         446           Other         49         121           Total current liabilities         369         446           Other long-term debt, less current maturities         699         1,079           Deferred revenue         122         130           Other long-term liabilities         258         129           Total long-term liabilities         3,36         4,52           Stockholders' Equity         3,37         4,73           Common stock, par value \$0.01 per share; authorized 20,000,000         3,69         4,81	Building	3,0	52	3	3,052
Office furniture and equipment         460         466           Unfinished property and equipment         172         -           Total property and equipment         12,266         12,112           Less accumulated depreciation and amortization         7,937         7,201           Net property and equipment         4,329         4,911           Total assets         4,329         4,911           Liabilities and Stockholders' Equity           Current Liabilities         3667         5           Revolving line-of-credit         380         392           Accounts playable         1,132         2,457           Accrued liabilities:         369         446           Other         49         121           Total current liabilities         49         121           Long-term Liabilities         699         1,079           Deferred revenue         122         130           Other long-term tax liabilities         258         129           Total liabilities         3,376         4,754           Stockholders' Equity         3,376         4,754           Common stock, par value \$0.01 per share; authorized 20,000,000         3,669,148 shares 2008         37         37	Machinery and equipment	7,0	01	7	,028
Unfinished property and equipment         172         1           Total property and equipment         12,266         12,126           Net property and equipment         4,329         4,911           Total assets         4,329         4,913           Liabilities and Stockholders' Equity           Current Liabilities         366         5           Revolving line-of-credit         368         369           Current maturities of long-termdebt         369         406           Accounts payable         1,132         2,257           Accud liabilities         369         446           Other         49         12           Total current liabilities         49         1,27           Long-term Liabilities         699         1,079           Deferred revenue         122         130           Other long-term tax liabilities         699         1,079           Total long-term liabilities         1,079         1,338           Total liabilities         3,36         3,58           Total liabilities         3,37         3,75           Stockholders' Equity         3,37         3,75           Common stock, par value \$0.01 per share; authorized 20,000,00         3,69	Data processing equipment	1,1	98	1	,183
Total property and equipment         12,266         12,112           Net property and equipment         4,329         4,911           Total assets         4,329         4,911           Liabilities and Stockholders' Equity           Current Liabilities           Revolving line-of-credit         367         3-           Current maturities of long-term debt         380         392           Accounts payable         369         446           Compensation         369         446           Other         49         121           Total current liabilities         2,297         3,416           Long-Term Liabilities         699         1,079           Long-term debt, less current maturities         699         1,079           Deferred revenue         122         130           Other long-term tax liabilities         258         129           Total long-term liabilities         1,079         1,338           Total long-term liabilities         3,376         4,754           Stockholders' Equity         3,376         4,754           Common stock, par value \$0.01 per share; authorized 20,000,00         3,376         4,754           Shares; issued and outstanding 3,686,435 shares 2009 and 3,669,14	Office furniture and equipment	4	60		466
Less accumulated depreciation and amortization         7,937         7,201           Net property and equipment         4,329         4,911           Total assets         \$11,525         \$14,321           Lizibilities and Stockholders' Equity           Current Liabilities           Revolving line-of-credit         \$367         \$-           Current maturities of long-term debt         380         392           Accounts payable         1,132         2,457           Accrued liabilities:         369         446           Other         49         121           Total current liabilities         2,297         3,416           Long-Term Liabilities         699         1,079           Deferred revenue         122         130           Other long-term tax liabilities         258         129           Total long-term liabilities         1,079         1,338           Total liabilities         3,376         4,754           Stockholders' Equity         3,376         4,754           Common stock, par value \$0.01 per share; authorized 20,000,00         3,376         4,754           Stockholders' Equity         3         3         3         3           Common stock, par value \$0.0	Unfinished property and equipment	1	72		-
Net property and equipment Total assets         4,329         4,911           Total assets         \$11,525         \$14,331           Liabilities and Stockholders' Equity           Current Liabilities         \$367         \$-           Revolving line-of-credit         \$380         392           Accounts payable         \$1,132         2,457           Accrued liabilities:         369         446           Other         49         121           Other         49         121           Long-Term Liabilities         2,297         3,416           Long-term debt, less current maturities         699         1,079           Deferred revenue         122         130           Other long-term tax liabilities         2,58         12           Total long-term liabilities         1,079         1,338           Total long-term liabilities         3,376         4,75           Stockholders' Equity         3,60         4,62           Common stock, par value \$0.01 per share; authorized 20,000,00         3,69         3,6           shares; issued and outstanding 3,686,435 shares 2009 and 3,69,148 shares 2008         3,7         3           Additional paid-in capital         5,016         4,913           <	Total property and equipment	12,2	66	12	2,112
Net property and equipment Total assets         4,329         4,911           Total assets         \$11,525         \$14,331           Liabilities and Stockholders' Equity           Current Liabilities         \$367         \$-           Revolving line-of-credit         \$380         392           Accounts payable         \$1,132         2,457           Accrued liabilities:         369         446           Other         49         121           Other         49         121           Long-Term Liabilities         2,297         3,416           Long-term debt, less current maturities         699         1,079           Deferred revenue         122         130           Other long-term tax liabilities         2,58         12           Total long-term liabilities         1,079         1,338           Total long-term liabilities         3,376         4,75           Stockholders' Equity         3,60         4,62           Common stock, par value \$0.01 per share; authorized 20,000,00         3,69         3,6           shares; issued and outstanding 3,686,435 shares 2009 and 3,69,148 shares 2008         3,7         3           Additional paid-in capital         5,016         4,913           <	Less accumulated depreciation and amortization	7,9	37	7	,201
Current Liabilities   Revolving line-of-credit   380   392     Current maturities of long-term debt   380   392     Accounts payable   1,132   2,457     Accrued liabilities:   369   446     Other   49   121     Total current liabilities   2,297   3,416     Long-Term Liabilities   2,297   3,416     Long-term debt, less current maturities   699   1,079     Deferred revenue   122   130     Other long-term tax liabilities   258   129     Total long-term liabilities   1,079   1,338     Total long-term liabilities   3,376   4,754     Stockholders' Equity   Common stock, par value \$0.01 per share; authorized 20,000,000     shares; issued and outstanding 3,686,435 shares 2009 and 3,669,148 shares 2008   37   37     Additional paid-in capital   5,016   4,913     Retained earnings   3,096   4,627     Total stockholders' equity   5,777	_				
Current Liabilities         Revolving line-of-credit         \$ 367         \$ -           Current maturities of long-term debt         380         392           Accounts payable         1,132         2,457           Accrued liabilities:         \$ 369         446           Other         49         121           Total current liabilities         2,297         3,416           Long-Term Liabilities         699         1,079           Deferred revenue         122         130           Other long-term tax liabilities         258         129           Total long-term liabilities         1,079         1,338           Total liabilities         3,376         4,754           Stockholders' Equity         3,376         4,754           Stockholders' Equity         3,669,148 shares 2008         37         37           Additional paid-in capital         5,016         4,913           Retained earnings         3,096         4,627           Total stockholders' equity         8,149         9,577	Total assets			\$ 14	,331
Current Liabilities         Revolving line-of-credit         \$ 367         \$ -           Current maturities of long-term debt         380         392           Accounts payable         1,132         2,457           Accrued liabilities:         \$ 369         446           Other         49         121           Total current liabilities         2,297         3,416           Long-Term Liabilities         699         1,079           Deferred revenue         122         130           Other long-term tax liabilities         258         129           Total long-term liabilities         1,079         1,338           Total liabilities         3,376         4,754           Stockholders' Equity         3,376         4,754           Stockholders' Equity         3,669,148 shares 2008         37         37           Additional paid-in capital         5,016         4,913           Retained earnings         3,096         4,627           Total stockholders' equity         8,149         9,577	Liabilities and Stockholders' Equity				
Current maturities of long-term debt       380       392         Accounts payable       1,132       2,457         Accrued liabilities:       Compensation       369       446         Other       49       121         Total current liabilities       2,297       3,416         Long-Term Liabilities       Eong-term debt, less current maturities       699       1,079         Deferred revenue       122       130         Other long-term tax liabilities       258       129         Total long-term liabilities       1,079       1,338         Total liabilities       3,376       4,754         Stockholders' Equity       Common stock, par value \$0.01 per share; authorized 20,000,000       shares; issued and outstanding 3,686,435 shares 2009 and 3,669,148 shares 2008       37       37         Additional paid-in capital       5,016       4,913         Retained earnings       3,096       4,627         Total stockholders' equity       8,149       9,577					
Current maturities of long-term debt       380       392         Accounts payable       1,132       2,457         Accrued liabilities:       369       446         Other       49       121         Total current liabilities       2,297       3,416         Long-Term Liabilities       599       1,079         Long-term debt, less current maturities       699       1,079         Deferred revenue       122       130         Other long-term tax liabilities       258       129         Total long-term liabilities       1,079       1,338         Total liabilities       3,376       4,754         Stockholders' Equity       258       1,079         Common stock, par value \$0.01 per share; authorized 20,000,000       3,376       4,754         Stockholders' Equity       37       37         Additional paid-in capital       5,016       4,913         Retained earnings       3,096       4,627         Total stockholders' equity       8,149       9,577	Revolving line-of-credit	\$ 3	67	\$	-
Accrued liabilities:         369         446           Other         49         121           Total current liabilities         2,297         3,416           Long-Term Liabilities         699         1,079           Long-term debt, less current maturities         699         1,079           Deferred revenue         122         130           Other long-term tax liabilities         258         129           Total long-term liabilities         1,079         1,338           Total liabilities         3,376         4,754           Stockholders' Equity         2         3         37         37           Common stock, par value \$0.01 per share; authorized 20,000,000         37         37           Additional paid-in capital         5,016         4,913           Retained earnings         3,096         4,627           Total stockholders' equity         8,149         9,577	Current maturities of long-term debt	3	80		392
Compensation         369         446           Other         49         121           Total current liabilities         2,297         3,416           Long-Term Liabilities         699         1,079           Deferred revenue         122         130           Other long-term tax liabilities         258         129           Total long-term liabilities         1,079         1,338           Total liabilities         3,376         4,754           Stockholders' Equity         2         3,376         4,754           Stockholders' sued and outstanding 3,686,435 shares 2009 and 3,669,148 shares 2008         37         37           Additional paid-in capital Retained earnings         5,016         4,913           Retained earnings         3,096         4,627           Total stockholders' equity         8,149         9,577	Accounts payable	1,1	32	2	2,457
Other         49         121           Total current liabilities         2,297         3,416           Long-Term Liabilities         899         1,079           Deferred revenue         122         130           Other long-term tax liabilities         258         129           Total long-term liabilities         1,079         1,338           Total liabilities         3,376         4,754           Stockholders' Equity         258         4,754           Stockholders' Equity         3,669,148 shares 2008         37         37           Additional paid-in capital Retained earnings         5,016         4,913           Retained earnings         3,096         4,627           Total stockholders' equity         8,149         9,577	Accrued liabilities:				
Total current liabilities         2,297         3,416           Long-Term Liabilities         699         1,079           Deferred revenue         122         130           Other long-term tax liabilities         258         129           Total long-term liabilities         1,079         1,338           Total liabilities         3,376         4,754           Stockholders' Equity         Common stock, par value \$0.01 per share; authorized 20,000,000 shares; issued and outstanding 3,686,435 shares 2009 and 3,669,148 shares 2008         37         37           Additional paid-in capital Retained earnings         5,016         4,913           Retained earnings         3,096         4,627           Total stockholders' equity         8,149         9,577	Compensation	3	69		446
Long-Term Liabilities       699       1,079         Deferred revenue       122       130         Other long-term tax liabilities       258       129         Total long-term liabilities       1,079       1,338         Total liabilities       3,376       4,754         Stockholders' Equity       258       4,754         Common stock, par value \$0.01 per share; authorized 20,000,000       3,669,148 shares 2008       37       37         Additional paid-in capital       5,016       4,913         Retained earnings       3,096       4,627         Total stockholders' equity       8,149       9,577	Other		49		121
Long-term debt, less current maturities       699       1,079         Deferred revenue       122       130         Other long-term tax liabilities       258       129         Total long-term liabilities       1,079       1,338         Total liabilities       3,376       4,754         Stockholders' Equity       Common stock, par value \$0.01 per share; authorized 20,000,000       shares; issued and outstanding 3,686,435 shares 2009 and 3,669,148 shares 2008       37       37         Additional paid-in capital       5,016       4,913         Retained earnings       3,096       4,627         Total stockholders' equity       8,149       9,577	Total current liabilities	2,2	97	3	3,416
Deferred revenue         122         130           Other long-term tax liabilities         258         129           Total long-term liabilities         1,079         1,338           Total liabilities         3,376         4,754           Stockholders' Equity         250         4,754           Common stock, par value \$0.01 per share; authorized 20,000,000 shares; issued and outstanding 3,686,435 shares 2009 and 3,669,148 shares 2008         37         37           Additional paid-in capital Retained earnings         5,016         4,913           Retained earnings         3,096         4,627           Total stockholders' equity         8,149         9,577	Long-Term Liabilities				
Other long-term tax liabilities         258         129           Total long-term liabilities         1,079         1,338           Total liabilities         3,376         4,754           Stockholders' Equity         Common stock, par value \$0.01 per share; authorized 20,000,000 shares; issued and outstanding 3,686,435 shares 2009 and 3,669,148 shares 2008         37         37           Additional paid-in capital Retained earnings         5,016         4,913           Total stockholders' equity         8,149         9,577	Long-term debt, less current maturities	6	99	1	,079
Total long-term liabilities         1,079         1,338           Total liabilities         3,376         4,754           Stockholders' Equity         Stockholders' Equity         3,669,148 shares 20.01 per share; authorized 20,000,000         3,669,148 shares 20.08         37         37           Additional paid-in capital Retained earnings         5,016         4,913           Total stockholders' equity         8,149         9,577	Deferred revenue	1	22		130
Total liabilities         3,376         4,754           Stockholders' Equity         Common stock, par value \$0.01 per share; authorized 20,000,000 shares; issued and outstanding 3,686,435 shares 2009 and 3,669,148 shares 2008         37         37           Additional paid-in capital Retained earnings         5,016         4,913           Total stockholders' equity         8,149         9,577	Other long-term tax liabilities	2	58		129
Stockholders' Equity       Common stock, par value \$0.01 per share; authorized 20,000,000 shares; issued and outstanding 3,686,435 shares 2009 and 3,669,148 shares 2008       37       37         Additional paid-in capital Retained earnings       5,016       4,913         Total stockholders' equity       8,149       9,577	Total long-term liabilities	1,0	79	1	,338
Common stock, par value \$0.01 per share; authorized 20,000,000         shares; issued and outstanding 3,686,435 shares 2009 and         3,669,148 shares 2008       37         Additional paid-in capital       5,016       4,913         Retained earnings       3,096       4,627         Total stockholders' equity       8,149       9,577	Total liabilities	3,3	76	4	,754
shares; issued and outstanding 3,686,435 shares 2009 and       37       37         3,669,148 shares 2008       37       37         Additional paid-in capital       5,016       4,913         Retained earnings       3,096       4,627         Total stockholders' equity       8,149       9,577	Stockholders' Equity				
3,669,148 shares 2008       37       37         Additional paid-in capital       5,016       4,913         Retained earnings       3,096       4,627         Total stockholders' equity       8,149       9,577	Common stock, par value \$0.01 per share; authorized 20,000,000				
Additional paid-in capital       5,016       4,913         Retained earnings       3,096       4,627         Total stockholders' equity       8,149       9,577	shares; issued and outstanding 3,686,435 shares 2009 and				
Retained earnings         3,096         4,627           Total stockholders' equity         8,149         9,577	3,669,148 shares 2008		<b>37</b>		37
Total stockholders' equity 8,149 9,577	Additional paid-in capital	5,0	16	4	,913
	Retained earnings	3,0	96	4	,627
Total liabilities and stockholders' equity \$11,525 \$14,331		8,1	49	9	,577
	Total liabilities and stockholders' equity	\$11,5	25	\$14	,331

# Winland Electronics, Inc. Statements of Cash Flows

# Years Ended December 31,2009 and 2008

(In Thousands)

	2009		2008
Cash Flows From Operating Activities			·
Net loss	\$ (1,53	1) \$	(1,028)
Adjustments to reconcile net loss to net cash used in operating			
activities:			
Depreciation and amortization	81	6	817
Non-cash stock based compensation	9	3	196
Decrease in allowance for doubtful accounts	7	8	-
Deferred taxes	-		118
Loss on disposal of equipment	2	2	-
Changes in operating assets and liabilities:			
Accounts receivable	1,00	0	(465)
Refundable income taxes	(42	8)	(206)
Inventories	1,29	8	371
Prepaid expenses and other assets	(2	5)	22
Accounts payable	(1,32	5)	654
Accrued liabilities, including deferred revenue and other long-term tax liabilities	(2	8)	(553)
Net cash used in operating activities	(3	<u>0)</u>	(74)
Tet cash used in operating activities	(3	<i>(</i> )	(/+)
Cash Flows From Investing Activities			
Purchases of property and equipment	(26	4)	(237)
Proceeds from sale of property and equipment	-	8	-
Net cash used in investing activities	(25		(237)
	( -		( /
Cash Flows From Financing Activities			
Net borrowings on revolving credit agreement	36	7	-
Net principal payments on long-term borrowings, including capital			
lease obligations	(39	2)	(512)
Proceeds from issuance of common stock	1	27	
Net cash used in financing activities	(1	5)	(485)
Net decrease in cash	(30	1)	(796)
Cash and cash equivalents			
Beginning of year	35	6	1,152
End of year	\$ 5	5 \$	356
Supplemental Disclosures of Cash Flow Information			
Cash payments for interest	\$ 10	4 \$	124
Cash receipts from income taxes	\$ 18		
	Ψ <b>10</b>	- Ψ	-
Supplemental Schedule of Noncash Investing and Financing Activities			
Acquisition of property and equipment in accounts payable	\$ -	\$	74
- 4 LL	т	Ψ	

# WINLAND ELECTRONICS, INC. SEGMENT REPORTING

(\$ in thousands)	_	EMS Proprietary		Other		Total		
Three months ended December 31, 2009 (unaudited)								
Net sales	\$	3,719	\$	819	\$	-	\$	4,538
Gross Profit		(37)		305		-		268
Operating income (loss)		(330)		151		(427)		(606)
Three months ended December	31, 200	8 (unaudii	ed)					
Net sales	\$	7,102	\$	661	\$	-	\$	7,763
Gross Profit		731		274		-		1,005
Operating income (loss)		476		60		(474)		62
Twelve months ended Decembe	r 31, 20	09						
Net sales	\$	19,356	\$	3,191	\$	-	\$	22,547
Gross Profit		422		1,328		-		1,750
Operating income (loss)		(103)		264		(2,064)		(1,903)
Twelve months ended Decembe	r 31, 20	08						
Net sales	\$	25,292	\$	3,373	\$	-	\$	28,665
Gross Profit		1,834		1,374		-		3,208
Operating income (loss)		1,099		127		(2,243)		(1,017)