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Nortech Systems Reports Second Quarter Results *Sales Climb 24 Percent*

MINNEAPOLIS – Aug. 11, 2010 – Nortech Systems Incorporated (NASDAQ: NSYS) today reported net sales of \$24.7 million for the second quarter ended June 30, 2010, a 24 percent improvement over net sales of \$19.9 million for the second quarter of 2009. Operating income for the second quarter of 2010 was \$485,000, compared with an operating loss of \$2.2 million for the second quarter of 2009, which included one-time restructuring and impairment charges of \$645,000.

The company reported net income of \$147,000, or \$0.05 per diluted common share for the second quarter of 2010, compared with a net loss of \$1.5 million, or \$0.56 per diluted common share, for the second quarter of 2009.

For the six months ended June 30, 2010, Nortech Systems reported net sales of \$46.4 million, compared with \$41.4 million for the same period in 2009, an increase of 12 percent. Operating income for the first six months of 2010 was \$811,000, compared with an operating loss of \$4.3 million reported for the same period in 2009, which included one-time restructuring and impairment charges of \$645,000.

Net income for the six-month period ended June 30, 2010, was \$242,000, or \$0.09 per diluted common share. This compares with a net loss of \$2.8 million, or \$1.04 per diluted common share, reported for the same period in 2009.

“At the halfway point in our fiscal year, we’re continuing our positive momentum,” said Mike Degen, Nortech Systems’ president and CEO. “Customers are displaying more confidence, evidenced by our increases in quoting activity, sales, backlog levels and new business.” The company’s 90-day backlog position was \$21.3 million on June 30, 2010, up 12 percent from the start of the quarter and over 50 percent from the second quarter of 2009.

“We’re successfully leveraging the increased volume, eliminating waste and reducing costs through our lean manufacturing initiatives,” noted Degen, adding that the restructuring activities undertaken last year are also making the company stronger and more competitive.

The company also summarized two significant transactions completed during the second quarter. On May 4, Nortech Systems expanded its services to medical-device manufacturers by acquiring assets and manufacturing and assembly capabilities in Milaca, Minn. On May 27, Nortech entered into a third amended and restated credit and security agreement with Wells Fargo Bank, N.A., extending Nortech's line of credit through May 31, 2013.

Conference Call

Nortech Systems announces a conference call to be held at 10:00 a.m. (CDT) on Thurs., Aug. 12, 2010, to discuss the company's second quarter results. Anyone interested in participating in the conference can access the call by dialing 877-407-8033 from within the United States, or 201-689-8033 if calling internationally. An audio webcast and replay of this conference call can be accessed at the investor relations portion of Nortech Systems' website at www.nortechsys.com or at www.investorcalendar.com. A podcast (MP3 download) will also be available. The telephone replay will be available through Aug. 26, 2010, by dialing 877-660-6853 (from U.S.) or 201-612-7415 (International). To access the replay, the account number 286 and conference ID 353742 are both required.

About Nortech Systems, Incorporated

Nortech Systems Incorporated (www.nortechsys.com), based in Wayzata, Minn., is a full-service electronics manufacturing services (EMS) provider of wire and cable assemblies, printed circuit board assemblies, and higher-level complete box build assemblies for a wide range of industries. Markets served include industrial equipment, aerospace/defense and medical. The company has manufacturing capabilities and operating partners in the U.S., Asia and Latin America. Nortech Systems Incorporated is traded on the NASDAQ Stock Market under the symbol NSYS.

Forward-Looking Statements

This press release contains forward-looking statements made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995. While this release is based on management's best judgment and current expectations, actual results may differ and involve a number of risks and uncertainties. Important factors that could cause actual results to differ materially from the forward-looking statements include, without limitation: volatility in market conditions which may affect market supply of and demand for the company's products; increased competition; changes in the reliability and efficiency of operating facilities or those of third parties; risks related to availability of labor; commodity and energy cost instability; general economic, financial and business conditions that could affect the company's financial condition and results of operations; as well as risk factors listed from time to time in the company's filings with the SEC.

Condensed Statements of Operations

	Three months ended June 30, Unaudited		Six months ended June 30, Unaudited	
	2010	2009	2010	2009
Net Sales	\$24,694,506	\$19,891,110	\$46,435,947	\$41,441,746
Income (Loss) from Operations	484,970	(2,220,150)	810,752	(4,343,190)
Income (Loss) before Income Taxes	392,112	(2,413,782)	547,396	(4,622,000)
Income Tax Expense (Benefit)	245,000	(867,000)	305,000	(1,786,000)
Net Income (Loss)	147,112	(1,546,782)	242,396	(2,836,000)
Net Income (Loss) Per Basic and Diluted Common Share	\$0.05	(\$0.56)	\$0.09	(\$1.04)
Weighted Average Number of Common Shares – Basic and Diluted	2,742,992	2,738,989	2,741,777	2,738,972

Condensed Balance Sheets

	June 30, 2010 (Unaudited)	Dec. 31, 2009
Current Assets	\$36,700,860	\$31,884,977
Property and Other Long-term Assets	8,572,346	9,244,228
Total Assets	<u>\$45,273,206</u>	<u>\$41,129,205</u>
Current Liabilities	\$23,217,198	\$18,669,177
Long-Term Debt	3,059,953	3,733,176
Shareholders' Equity	<u>18,996,055</u>	<u>18,726,852</u>
Total Liabilities and Shareholders' Equity	<u>\$45,273,206</u>	<u>\$41,129,205</u>