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Nortech Systems Reports First Quarter Results

Record Quarterly Sales, Operational Improvements Fuel Strong Earnings

MINNEAPOLIS – May 14, 2008– Nortech Systems Incorporated (NASDAQ: NSYS) today reported record net sales of \$31.2 million for the first quarter ended March 31, 2008, up 12 percent over net sales of \$28.0 million for the first quarter of 2007. First quarter operating income rose 90 percent to \$1.2 million, compared with \$651,000 for the first quarter of 2007. Net income was \$626,000 or \$0.23 per diluted common share, which is an increase of 118 percent over \$287,000, or \$0.11 per diluted common share, reported for the first quarter of 2007.

“Our record sales and solid earnings performance in the first quarter give us an excellent start to our 2008 fiscal year and demonstrate continued progress on our strategic priorities,” said Mike Degen, Nortech’s president and CEO. “In particular, our lean manufacturing initiative is fostering a culture of continuous improvement and employee empowerment. By eliminating waste and leveraging our resources more efficiently, we’re delivering measurable results at the gross margin line.” For the quarter, Nortech’s gross profit percentage rose to 15 percent of sales, up from 13 percent of sales for the first quarter of 2007 as a result of favorable product mix, process improvements from its lean manufacturing initiatives and volume leveraging of manufacturing costs.

Nearly half of Nortech’s revenue growth during the first quarter was from its Aerospace Systems operations, which produces custom wire harnesses and cable assemblies for defense and aerospace customers. The Garner, Iowa, printed circuit board assembly operation acquired in February 2007 accounted for the remainder of the revenue growth. The company’s 90-day backlog on March 31, 2008, was \$28.4 million, up slightly from \$27.3 million at the beginning of the quarter.

Conference Call

Nortech Systems Incorporated announces a conference call to be held at 10:00 a.m. (CDT) on Thurs., May 15, 2008, to discuss the company's first quarter results, which will be released on May 14.

Anyone interested in participating in the conference can access the call by dialing 877-407-8031 from within the United States, or 201-689-8031 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.

A telephone replay will be available through May 29, 2008, by dialing 877-660-6853 (from U.S.) or 201-612-7415 (International). To access the replay, the account number 286 and conference ID 282952 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, military/defense, medical and transportation. 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 Mar. 31, Unaudited	
	2008	2007
Net Sales	\$31,229,362	\$27,994,462
Income from Operations	1,237,798	651,379
Income before Income Taxes	1,018,827	425,894
Income Tax Expense	393,000	139,000
Net Income	625,827	286,894
Net Income Per Basic Common Share	\$0.23	\$0.11
Weighted Average Number of Common Shares – Basic	2,705,389	2,675,069
Net Income Per Diluted Common Share	\$0.23	\$0.11
Weighted Average Number of Common Shares – Diluted	2,729,703	2,713,847

Condensed Balance Sheets

	March 31, 2008 (Unaudited)	Dec. 31, 2007
Current Assets	\$42,237,020	\$36,618,349
Property and Other Long-term Assets	<u>10,360,052</u>	<u>10,382,105</u>
Total Assets	<u>\$52,597,072</u>	<u>\$47,000,454</u>
Current Liabilities	\$26,913,090	\$21,805,997
Long-term Debt	4,665,885	4,883,608
Shareholders' Equity	<u>21,018,097</u>	<u>20,310,849</u>
Total Liabilities and Shareholders' Equity	<u>\$52,597,072</u>	<u>\$47,000,454</u>