

NEWS RELEASE



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For Immediate Release

HEI, Inc. Announces Results for the Third Quarter Fiscal 2008

MINNEAPOLIS, July 11, 2008 -- HEI, Inc. (Pink Sheets: HEII; <http://www.heii.com>) today announced its financial results for its third quarter of fiscal year 2008, which ended May 31, 2008.

Net sales for the third quarter were \$10,204,000, compared to \$8,905,000 for the third quarter of fiscal year 2007. The Company generated net income of \$179,000 for the third quarter of fiscal year 2008 compared to a net loss of (\$1,755,000) for the same period of fiscal year 2007. Net sales for the first nine months of fiscal year 2008 were \$30,164,000, compared to \$30,917,000 for the same prior year period. We generated a net income of \$388,000 through the third quarter of the current fiscal year compared to a net loss of (\$4,960,000) for the first nine months of the prior fiscal year.

HEI CEO, Mark B. Thomas, remarked: "We are very pleased with our progress to date at all three of our operating divisions. Our objectives continue to be to build a strong foundation for sustained growth and profitability through our people, capital investments and expanding and strengthening customer relationships. Everyday, we strive to make HEI a better company and through collaborative innovation, continuous improvement, speed, responsiveness and high product quality we are helping our customers to be leaders in their markets."

HEI, Inc. designs, develops and manufactures ultra-miniature microelectronics, substrates, systems, and connectivity and software solutions for customers engaged in the medical, hearing, telecommunications, and industrial markets. HEI provides its customers with a single point of contact that can take an idea from inception to a fully functional and cost effective product utilizing innovative design solutions and by the application of state-of-the-art materials, processes and manufacturing capabilities.

Headquarters & Microelectronics Division
-Advanced Medical Division
-High Density Interconnect Division

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FORWARD LOOKING INFORMATION

Information in this news release, which is not historical, includes forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that involve substantial risks and uncertainties. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "intend," "estimate," "continue," and similar words. Statements contained in this press release, including the implementation of business strategies, growth of specific markets, improved results and the estimated HEI revenue, cash flow and profits, are forward looking statements. All of such forward-looking statements involve risks and uncertainties including, without limitation, continuing adverse business and market conditions, the ability of HEI to secure and satisfy customers, the availability and cost of materials from HEI's suppliers, our ability to satisfy financial or other obligations or covenants set forth in our financing agreements, adverse competitive developments, change in or cancellation of customer requirements, collection of receivables and outstanding debt, HEI's ability to control fixed and variable operating expenses, and other risks detailed from time to time in HEI's SEC filings. We undertake no obligation to update these statements to reflect ensuing events or circumstances, or subsequent actual results. See the risk factor section in our annual report on Form 10K for year ended September 1, 2007.