

NEWS RELEASE



IDEAS REALIZED.

1495 Steiger Lake Lane
Victoria, Minnesota 55386
952-443-2500

CONTACTS:

Mark B. Thomas, CEO

For Immediate Release

HEI, Inc. Announces Results for Fiscal 2008 and Change in Year-End Date

MINNEAPOLIS, October 9, 2008 -- HEI, Inc. (Pink Sheets: HEII) announced its financial results for fiscal year ended August 30, 2008.

Net sales for the year were \$41,963,000, compared to \$38,384,000 for fiscal year 2007. The Company generated net income of \$861,000 for fiscal year 2008 compared to a net loss of (\$5,657,000) for fiscal year 2007. Basic and diluted earnings per share was \$0.09 per share for fiscal year 2008 compared to a loss per share of (\$0.59) per share for fiscal year 2007.

“We continue to make progress in each of our three operating divisions. We are proud of the hard work and dedication of our employees and we are excited about the strong relationships that we are forging with our existing and new customers. Our turnaround efforts are far from complete, but we believe that the past year will become the foundation from which we will build a stronger and growing HEI. We continue to invest in operational improvements and we are very focused on our sales process and activities as we work to expand our customer base and revenues. Our focus on speed, responsiveness and uncompromising quality are the keys to our business philosophy,” commented Mark B. Thomas, HEI CEO.

HEI also announced that it will change its fiscal year end to the Saturday closest to December 31. This will mean that the revised fiscal year 2008 for HEI will end on January 2, 2009. HEI will report comparative 12 month periods that will coincide with calendar year 2008 and calendar year 2007. HEI presently plans to hold its annual shareholders meeting in May 2009.

HEI, Inc. designs, develops and manufactures ultra-miniature microelectronics, substrates, integrated systems 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

PO Box 5000, 1495 Steiger Lake Lane, Victoria, MN 55386
4801 North 63rd Street, Boulder, CO 80301
610 South Rockford Drive, Tempe, AZ 85281

Our website is: <http://www.heii.com>. The information on our website is not incorporated by reference into this press release.

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, 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. 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.