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Nortech Systems Reports Third Quarter Results;
Net Income Rises 19 Percent for Quarter, 56 Percent for Nine Months

MINNEAPOLIS – Nov. 5, 2008 – Nortech Systems Incorporated (NASDAQ: NSYS) today reported net sales of \$31.7 million for the third quarter ended September 30, 2008, up seven percent over net sales of \$29.6 million for the third quarter of 2007. Net income was \$499,261, or \$0.18 per diluted common share, an increase of 19 percent over \$420,506, or \$0.15 per diluted common share, reported for the third quarter of 2007.

For the nine months ended September 30, 2008, Nortech Systems reported net sales of \$94.9 million, compared with \$88.8 million for the same period in 2007, an increase of seven percent. Operating income for the nine-month period rose 31 percent to \$3.3 million, up from \$2.5 million reported for the same period in 2007. Net income for the nine-month period was \$1.7 million, or \$0.61 per diluted common share, increasing 56 percent over the \$1.1 million, or \$0.39 per diluted common share, reported for the same period in 2007.

“We’re pleased with our third-quarter results in the face of the overall macroeconomic conditions and pricing pressures with select commodities,” said Mike Degen, Nortech’s president and CEO.

He added that the company’s Aerospace Systems product line operations finished the quarter strong, while ramping up some new customer programs and changing over others. “Our lean manufacturing initiatives continue to help improve our new product introduction processes,” Degen noted.

The company maintains solid relationships with all its strategic customers across three key sectors – industrial, medical and defense – and continues winning new customers attracted to Nortech’s value-added service offering.

“Our objective remains to deliver profitable growth exceeding the EMS industry average,” commented Degen. “Based on the markets we serve, Nortech is well-positioned to capitalize on opportunities as we keep differentiating ourselves in the marketplace and continue to improve our operational efficiency.”

Conference Call

Nortech Systems Incorporated announces a conference call to be held at 10:00 a.m. (CT) on Thurs., Nov. 6, 2008, to discuss the company's third quarter results.

Anyone interested in participating in the conference can access the call by dialing 866-524-3160 from within the United States, or 412-317-6760 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 Nov. 20, 2008, by dialing 877-344-7529 (from U.S.) or 412-317-0088 (International). The replay passcode is 425063#.

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 Sept. 30, Unaudited		Nine months ended Sept. 30, Unaudited	
	2008	2007	2008	2007
Net Sales	\$31,657,112	\$29,637,261	\$94,880,658	\$88,768,037
Income from Operations	946,127	1,031,570	3,296,211	2,523,103
Income before Income Taxes	830,261	692,506	2,767,879	1,670,900
Income Tax Expense	331,000	272,000	1,091,000	596,000
Net Income	499,261	420,506	1,676,879	1,074,900
Net Income Per Basic Common Share	\$0.18	\$0.16	\$0.62	\$0.40
Weighted Average Number of Common Shares – Basic	2,729,455	2,695,815	2,715,789	2,688,955
Net Income Per Diluted Common Share	\$0.18	\$0.15	\$0.61	\$0.39
Weighted Average Number of Common Shares – Diluted	2,774,275	2,729,979	2,749,247	2,726,560

Condensed Balance Sheets

	Sept. 30, 2008 (Unaudited)	Dec. 31, 2007
Current Assets	\$40,603,557	\$36,618,349
Property and Other Long-term Assets	<u>10,225,182</u>	<u>10,382,105</u>
Total Assets	<u>\$50,828,739</u>	<u>\$47,000,454</u>
Current Liabilities	\$24,292,841	\$21,805,997
Long-Term Debt	4,213,977	4,883,608
Shareholders' Equity	<u>22,321,921</u>	<u>20,310,849</u>
Total Liabilities and Shareholders' Equity	<u>\$50,828,739</u>	<u>\$47,000,454</u>