NEWS RELEASE

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For Immediate Release

HEI, Inc. Announces Results for the First Quarter Fiscal 2010

MINNEAPOLIS, April 26, 2010 -- HEI, Inc. (Pink Sheets: HEII; http://www.heii.com) today announced its financial results for its first quarter of fiscal year 2010, which ended April 3, 2010.

Net sales for the first quarter were $9,520,000 compared to $8,883,000 for the first quarter of fiscal year 2009. The Company generated net income of $293,000 for the first quarter of fiscal year 2010 compared to a net income of $268,000 for the same period of fiscal year 2009.

HEI CEO, Mark B. Thomas, remarked: "The new customers and new programs that we added in all three operating divisions in the latter part of 2009 have started to show contributions in the early part of 2010, along with an increase in demand from our existing customers. Although we realize that one quarter of results does not demonstrate a trend, it is nice to see that the operations are coming back around as we emerge from the slump in sales experienced in 2009. Our drive throughout the remainder of 2010 will be to continue to grow sales, improve gross margins and expand our customer base."

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	PO Box 5000, 1495 Steiger Lake Lane, Victoria, MN 55386
-Advanced Medical Division	4801 North 63rd Street, Boulder, CO 80301
-High Density Interconnect Division	610 South Rockford Drive, Tempe, AZ 85281

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, HEI's ability to satisfy financial or other obligations or covenants set forth in its 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 in previous HEI SEC filings. Since HEI is no longer reporting to the SEC, readers are cautioned to weigh the potential for additional risk factors based on ongoing business activities and the current economic conditions in the world economy. The information set forth herein should be read in light of such risks. We undertake no obligation to update these statements to reflect ensuing events or circumstances, or subsequent actual results.

HEI, INC.
CONSOLIDATED BALANCE SHEETS

	April 3, 2010 (Unaudited)	January 2, 2010 (Audited)
	(In thousands, except share and per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ -	$ -
Accounts receivable, net	5,079	3,566
Inventories, net	3,237	2,952
Deferred income taxes	362	362
Other current assets	831	455
Total current assets	9,509	7,335
Property and equipment:		
Land	216	216
Building and improvements	4,337	4,337
Fixtures and equipment	24,411	24,140
Accumulated depreciation	(23,437)	(23,025)
Net property and equipment	5,527	5,668
Security deposit	230	230
Other long-term assets	350	388
Total assets	$ 15,616	$ 13,621
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Checks issued in excess of cash in bank	$ 627	$ 395
Current maturities of long-term debt	540	551
Accounts payable	2,417	1,750
Customer deposit liabilities	78	228
Accrued liabilities	1,209	945
Total current liabilities	4,871	3,869
Deferred income taxes	362	362
Other long-term liabilities, less current maturities	1,942	1,934
Long-term debt, less current maturities	4,899	4,240
Total other long-term liabilities, less current maturities	7,203	6,536
Total liabilities	12,074	10,405
Shareholders' equity:		
Undesignated stock	-	-
Convertible preferred stock, $.05 par	2	2
Common stock, $.05 par	486	486
Paid-in capital	28,129	28,096
Accumulated deficit	(25,075)	(25,368)
Total shareholders' equity	3,542	3,216
Total liabilities and shareholders' equity	$ 15,616	$ 13,621

HEI, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended	
	April 3, 2010	April 4, 2009
	(In thousands, except share and per share data)	
Net sales	$ 9,520	$ 8,883
Cost of sales	8,130	6,952
Gross profit	1,390	1,931
Operating expenses:		
Selling, general and administrative	1,001	1,303
Research, development and engineering	195	210
Operating income (loss)	194	418
Interest expense	(68)	(154)
Other income (expense), net	167	4
Net income (loss)	$ 293	$ 268
Net income (loss) per common share	$ 0.03	$ 0.03
Weighted average common shares outstanding	9,723,000	9,635,000