SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10Q

(Mark one)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period ended October 31, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _______ to _______

Commission File No. 1-8061

FREQUENCY ELECTRONICS, INC.
(Exact name of Registrant as specified in its charter)

Delaware	11-1986657
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

55 CHARLES LINDBERGH BLVD., MITCHEL FIELD, N.Y.	11553
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 516-794-4500

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of Registrant's Common Stock, par value $1.00 as of December 7, 2001 - 8,314,439

Frequency Electronics, Inc. and Subsidiaries

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Frequency Electronics, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

	October 31, 2001 (UNAUDITED)	April 30, 2001 (NOTE A)
	(In thousands)	
ASSETS:		
Current assets:		
Cash and cash equivalents	$10,575	$ 2,121
Marketable securities	24,258	33,407
Accounts receivable, net of allowance for doubtful accounts of $190	14,431	15,160
Inventories	19,531	20,471
Deferred income taxes	4,559	4,313
Prepaid expenses and other	1,395	4,662
Total current assets	74,749	80,134
Property, plant and equipment, at cost, less accumulated depreciation and amortization	12,030	11,997
Intangible assets	5,163	4,987
Other assets	5,442	4,921
Total assets	$97,384	$102,039

See accompanying notes to condensed consolidated financial statements.

Frequency Electronics, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (Continued)

	October 31, 2001 (UNAUDITED)	April 30, 2001 (NOTE A)
	(In thousands)	
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable - trade	$ 2,152	$ 2,408
Accrued liabilities and other	5,667	11,126
Total current liabilities	7,819	13,534
Deferred compensation	5,913	5,726
Other liabilities	12,011	12,348
Total liabilities	25,743	31,608
Minority interest in subsidiary	217	226
Stockholders' equity:		
Preferred stock - $1.00 par value	-0-	-0-
Common stock - $1.00 par value	9,164	9,164
Additional paid-in capital	42,891	42,860
Retained earnings	22,027	21,226
	74,082	73,250
Common stock reacquired and held in treasury -at cost, 850,000 shares at October 31, 2001 and 872,669 shares at April 30, 2001	(2,870)	(3,127)
Other stockholders' equity	(119)	(122)
Accumulated other comprehensive income	331	204
Total stockholders' equity	71,424	70,205
Total liabilities and stockholders' equity	$97,384	$102,039

See accompanying notes to condensed consolidated financial statements.

Frequency Electronics, Inc. and Subsidiaries
Consolidated Condensed Statements of Operations

Six Months Ended October 31,
(Unaudited)

	2001	2000
	(In thousands except per share data)	
Net Sales	$22,535	$19,712
Cost of sales	14,024	11,109
Gross margin	8,511	8,603
Selling and administrative expenses	4,241	4,178
Research and development expenses	2,870	2,366
Operating profit	1,400	2,059
Other income (expense):		
Investment income	1,177	1,494
Interest expense	(154)	(150)
Other income (expense), net	(29)	(30)
Income before minority interest and provision for income taxes	2,394	3,373
Minority Interest in loss of consolidated subsidiary	(8)	-
Income before provision for income taxes	2,402	3,373
Provision for income taxes	770	1,095
Net income	$ 1,632	$ 2,278
Net earnings per common share		
Basic	$ 0.20	$ 0.28
Diluted	$ 0.19	$ 0.27
Average shares outstanding		
Basic	8,339,458	8,109,624
Diluted	8,512,718	8,567,859

See accompanying notes to consolidated condensed financial statements.

Frequency Electronics, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations

Three Months Ended October 31,
(Unaudited)

	2001	2000
	(In thousands except per share data)	
Net Sales	$11,465	$10,819
Cost of sales	7,024	6,128
Gross Margin	4,441	4,691
Selling and administrative expenses	2,026	2,049
Research and development expense	1,757	1,162
Operating profit	658	1,480
Other income (expense):		
Investment income	660	751
Interest expense	(76)	(81)
Other income (expense), net	(30)	26
Income before minority interest and provision for income taxes	1,212	2,176
Minority Interest in loss of consolidated subsidiary	-	-
Income before provision for income taxes	1,212	2,176
Provision for income taxes	400	705
Net income	$ 812	$ 1,471
Net earnings per common share		
Basic	$ 0.10	$ 0.18
Diluted	$ 0.10	$ 0.17
Average shares outstanding		
Basic	8,346,359	8,187,718
Diluted	8,470,162	8,646,789

See accompanying notes to condensed consolidated financial statements.

Frequency Electronics, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows

Six Months Ended October 31,
(Unaudited)

	2001	2000
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 1,632	$ 2,278
Non-cash charges to earnings	978	1,392
Net changes in other assets and liabilities	(134)	(1,381)
Net cash provided by operating activities	2,476	2,289
Cash flows from investing activities:		
Payment for acquisition, net of cash acquired	-	(8,054)
Sale of marketable securities- net	8,482	5,991
Other - net	(1,013)	(812)
Net cash provided by (used in) investing activities	7,469	(2,875)
Cash flows from financing activities:		
Payment of cash dividend	(829)	(799)
Payment of debt	(573)	(517)
Proceeds from stock option exercises	71	716
Other - net	(181)	(115)
Net cash used in financing activities	(1,512)	(715)
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	8,433	(1,301)
Effect of exchange rate changes on cash and cash equivalents	21	8
Net increase (decrease) in cash	8,454	(1,293)
Cash at beginning of period	2,121	4,994
Cash at end of period	$10,575	$ 3,701

See accompanying notes to condensed consolidated financial statements.

Frequency Electronics, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE A - CONSOLIDATED FINANCIAL STATEMENTS

In the opinion of management of the Company, the accompanying unaudited condensed consolidated interim financial statements reflect all adjustments (which include only normal recurring adjustments) necessary to present fairly, in all material respects, the consolidated financial position of the Company as of October 31, 2001 and the results of its operations and cash flows for the six and three months ended October 31, 2001 and 2000. The April 30, 2001 condensed consolidated balance sheet was derived from audited financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's April 30, 2001 Annual Report to Stockholders. The results of operations for such interim periods are not necessarily indicative of the operating results for the full year.

NOTE B - EARNINGS PER SHARE

Reconciliation of the weighted average shares outstanding for basic and diluted Earnings Per Share are as follows:

	Periods ended October 31,			
	Six months		Three months	
	2001	2000	2001	2000
Basic EPS Shares outstanding (weighted average)	8,339,458	8,109,624	8,346,359	8,187,718
Effect of Dilutive Securities	173,260	458,235	123,803	459,071
Diluted EPS Shares outstanding	8,512,718	8,567,859	8,470,162	8,646,789

Options to purchase 423,250 shares of common stock were outstanding during the six and three months ended October 31, 2001, but were not included in the computation of diluted earnings per share. Since the exercise price of these options was greater than the average market price of the Company's common shares during the respective periods, their inclusion in the computation would have been antidilutive. Consequently, these options are excluded from the computation of earnings per share. For the six and three months ended October 31, 2000, all exercisable options were included in the computation of diluted earnings per share.

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable at October 31, 2001 and April 30, 2001 include costs and estimated earnings in excess of billings on uncompleted contracts accounted for on the percentage of completion basis of approximately $3,573,000 and $3,814,000, respectively. Such amounts represent revenue recognized on long-term contracts that had not been billed at the balance sheet dates. Such amounts are billed pursuant to contract terms.

NOTE D - INVENTORIES

Inventories, which are reported net of reserves of $4,053,000 and $4,001,000 at October 31, 2001 and April 30, 2001, respectively, consist of the following:

	October 31, 2001	April 30, 2001
	(in thousands)	
Raw materials and Component parts	$ 9,441	$ 9,227
Work in progress and Finished goods	10,090	11,244
	$19,531	$20,471

NOTE E - -COMPREHENSIVE INCOME

For the six months ended October 31, 2001 and 2000, total comprehensive income was $1,759,000 and $3,615,000, respectively.

NOTE F - SEGMENT INFORMATION

The Company operates under three reportable segments:

1. Commercial communications - consists principally of time and frequency control products used in two principal markets- commercial communication satellites and terrestrial cellular telephone or other ground-based telecommunication stations.
2. U.S. Government - consists of time and frequency control products used for national defense or space-related programs.
3. Gillam-FEI - the products of the Company's Belgian subsidiary consist primarily of wireline synchronization and network monitoring systems.

The table below presents information about reported segments with reconciliation of segment amounts to consolidated amounts as reported in the statement of operations or the balance sheet for each of the periods (in thousands):

	Six months ended October 31, 2001	Six months ended October 31, 2000
Net sales:		
Commercial Communications	$16,432	$17,535
U.S. Government	1,746	1,587
Gillam-FEI	4,856	590
less intercompany sales	(499)	-
Consolidated Sales	$22,535	$19,712
Operating profit (loss):		
Commercial Communications	$ 1,661	$ 2,504
U.S. Government	484	325
Gillam-FEI	(239)	86
Less intercompany transactions	(107)	-
Corporate	(399)	(856)
Consolidated Operating Profit	$ 1,400	$ 2,059

	October 31, 2001	April 30, 2001
Identifiable assets:		
Commercial Communications	$24,683	$ 25,025
U.S. Government	1,497	1,580
Gillam-FEI	18,571	19,237
less intercompany balances	(657)	(234)
Corporate	53,290	56,431
Consolidated Identifiable Assets	$97,384	$102,039

NOTE G - ACQUISITION OF GILLAM S.A.

On September 13, 2000, the Company completed its acquisition of substantially all of the outstanding shares of Gillam S.A. ("Gillam"), a privately-held company organized under the laws of Belgium. Gillam's business is based in the telecommunications market and targeted to four main areas:

(i) "Wireline Network Synchronization"--managing timing and interconnectivity for communication networks; (ii) "Remote Control"--consisting of network monitoring systems; (iii) "Rural Telephony"--equipment designed to connect isolated subscribers to a telephone network via satellite and (iv) "Power Supplies" --produced through a subsidiary, for telecom service providers. The acquired company has been renamed Gillam-FEI.

The Gillam acquisition was consummated pursuant to the terms of a Share Purchase Agreement dated as of August 29, 2000. Under terms of the agreement, the Company paid $8,400,264 in cash and issued 154,681 shares of common stock ("FEI stock") to acquire the outstanding stock of Gillam. Based upon the market value of FEI's stock on July 25, 2002, the Share Purchase Agreement may require the Company to issue to the Gillam shareholders up to 35,000 additional shares of FEI stock. In addition, the Company paid approximately $496,000 in direct transaction costs. Thus, the total purchase price is approximately as follows:

	(in thousands)
Cash paid for Gillam shares	$ 8,400
Fair value of restricted shares issued	3,465
Direct transaction costs	496
Total purchase price	$12,361

The Gillam acquisition is treated as a purchase. The purchase price is allocated to net assets acquired of approximately $7,282,000 and to intangible assets, principally goodwill, of approximately $5,079,000. On May 1, 2001, the Company adopted Statement 142 of the Financial Accounting Standards Board ("SFAS 142"), "Goodwill and Other Intangible Assets", under which goodwill is no longer amortized but is to be tested at least annually for impairment. The adoption of SFAS 142 reduces general and administrative expenses by approximately $85,000 per quarter.

The accompanying condensed consolidated statements of operations for the six- and three-month periods ended October 31, 2001, include the results of operations of Gillam-FEI. The six- and three-month periods ended October 31, 2000, include the results of operations of Gillam-FEI only from the date of acquisition. The pro forma financial information set forth below is based upon the Company's historical consolidated statements of operations for the six months ended October 31, 2000, adjusted to give effect to the acquisition of Gillam-FEI as of the beginning of the period.

The pro forma financial information is presented for informational purposes only and may not be indicative of what actual results of operations would have been had the acquisition occurred on May 1, 2000, nor does it purport to represent the results of operations for future periods.

	Pro forma Six months ended October 31, 2000 (In thousands except per share data)
Net Sales	$24,113
Operating Profit	$2,290
Income from continuing operations	$2,202
Earnings per share- basic	$ 0.27
Earnings per share- diluted	$ 0.25

Item 2

Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

The table below sets forth the percentage of consolidated net sales represented by certain items in the Company's consolidated statements of operations for the respective six- and three-month periods of fiscal years 2002 and 2001:

	Six months		Three months	
	Periods ended October 31,			
	2001	2000	2001	2000
Net Sales				
Commercial Communications	71.7%	89.0%	71.2%	86.3%
US Government	7.7	8.1	6.7	8.2
Gillam-FEI	20.6	2.9	22.1	5.5
	100.0	100.0	100.0	100.0
Cost of Sales	62.2	56.4	61.3	56.6
Selling and administrative expenses	18.8	21.2	17.7	18.9
Research and development expenses	12.8	12.0	15.3	10.8
Operating profit	6.2	10.4	5.7	13.7
Other income (expense)- net	4.4	6.7	4.8	6.4
Pretax Income	10.6	17.1	10.6	20.1
Provision for income taxes	3.4	5.6	3.5	6.5
Net income	7.2%	11.5%	7.1%	13.6%

For the six- and three-month periods ended October 31, 2001, revenues increased by $2.8 million (14%) and by $646,000 (6%), respectively, over the same periods of fiscal year 2001. Gross margins on these sales were lower than in the prior year and the Company invested more in research and development during the fiscal 2002 periods. Consequently, for the six- and three-month periods ended October 31, 2001, operating profit decreased by $659,000 (32%) and $822,000 (56%), respectively, and net income decreased by $646,000 (28%) and $659,000 (45%), respectively, compared to the same periods of fiscal 2001.

The Company's consolidated financial statements for the fiscal 2002 periods include the results of operations of Gillam-FEI, which was acquired in September 2000. Excluding Gillam-FEI, in the six- and three-month periods ended October 31, 2001, sales decreased by 5% and 12%, respectively, compared to the same periods in fiscal 2001 as the Company experienced the effects of the general slowdown in the telecommunications industry. The lower fiscal 2002 sales and the increased research and development spending cited above, caused non-Gillam-FEI operating profits to decline by $233,000 (12%) and $855,000 (61%), respectively, and net income to decrease by $408,000 (18%) and $716,000 (50%), respectively, compared to the results for the six- and three-month periods of fiscal 2001.

For the six- and three-month periods ended October 31, 2001, margins on commercial communications revenues were 41% as compared to 42% and 49%, respectively, for U.S. Government programs and 25% and 27%, respectively, for Gillam-FEI. During the comparable periods ended October 31, 2000, gross margins on commercial communications sales were 44% while margins on U.S. Government programs were 39% and 40%, respectively. The commercial communications and U.S. Government margins are within the Company's expectations given the current mix of production and long-term contracts. Margins on Gillam-FEI sales are historically lower than the rest of the Company due to the higher cost structure in Europe. One of the goals of the Company is to introduce products and procedures which will increase Gillam-FEI's margins to a level comparable to that of the other segments. With the present mix of orders and recent contract bookings, the Company expects to maintain its profit margins at or near the current level for the remainder of fiscal 2002.

Selling and administrative costs increased by $63,000 (2%) for the six-month period ended October 31, 2001 and decreased by $23,000 (1%) for the three-month period then ended, compared to the same periods of fiscal 2001. Excluding Gillam-FEI, selling and administrative expenses decreased by $848,000 (21%) and $443,000 (23%), respectively, over the six- and three-month periods ended October 31, 2000. The principle causes of these decreases are the approximately $235,000 reduction in amortization of certain non-employee stock options as the options became exercisable in the prior year, lower accruals (approximately $400,000) for employee incentive plans due to lower profits, and reduced legal fees and costs due to a litigation settlement in fiscal 2001 for which the Company paid $245,000. The Company anticipates that fiscal 2002 selling and administrative expenses will be approximately the same amount as that incurred in fiscal 2001, but, as a percentage of sales, the ratio is expected to decrease.

Research and development costs in the fiscal 2002 periods increased by $504,000 (21%) and $595,000 (51%), respectively, over the comparable six- and three-month periods ended October 31, 2000. The Company has used the slowdown in the telecommunications market as an opportunity to allocate additional resources to develop new products that achieve higher performance and are more cost-effective. Approximately 15% of development spending in the fiscal 2002 periods were incurred by Gillam-FEI. The Company intends to introduce Gillam-FEI's wireline synchronization product to the growing U.S market as well as to the rest of the world. In addition, the Company is completing development of a high precision quartz oscillator, dubbed the "poor man's rubidium," which has performance characteristics approaching that of a rubidium oscillator but at a fraction of the cost. In addition, development continues on products to support third generation (3G) wireless infrastructure systems, products which increase the capability of existing TDMA and GSM systems (2.5G or EDGE), as well as products for interconnectivity with wireline and fiber optic networks. The Company expects that as business volume increases in 2002, the level of research and development spending will approach the Company's target of 10% of sales. Internally generated cash and cash reserves are adequate to fund this development effort.

Net nonoperating income and expense decreased by $320,000 (24%) and by $142,000 (20%), respectively, in the six- and three-month periods ended October 31, 2001 as compared to the fiscal 2001 periods. Investment income declined by $317,000 (21%) and $91,000 (12%), respectively, as a result of lower interest rates on marketable securities and a 17% decrease in invested assets. The decrease in the level of marketable securities in fiscal 2002 is due to the investment in Gillam-FEI which was made in September 2000. Interest expense is approximately the same in both fiscal years. Other income (expense), net, consists principally of certain non-recurring transactions and is generally not significant to net income. For the six-month periods ended October 31, 2001 and 2000, the net amounts are approximately the same but for the three-month periods then ended, the fiscal 2002 period recorded $30,000 of expenses, net, while the 2001 period recorded $26,000 of income, net.

The Company is subject to income taxes in both the United States and Europe. The federal statutory rates vary from 34% to 40%. The Company's effective tax rate is lower than the statutory rates primarily due to the availability of Research and Development Tax Credits in the United States.

LIQUIDITY AND CAPITAL RESOURCES

The Company's balance sheet continues to reflect a strong working capital position of $67 million at October 31, 2001 which is comparable to working capital at April 30, 2001. Included in working capital at October 31, 2001 is $34.8 million of cash, cash equivalents and marketable securities, including $11.8 million of REIT units which are convertible to Reckson Associates Realty Corp. common stock.

Net cash provided by operating activities for the six months ended October 31, 2001, was $2.5 million compared to $2.3 million in the comparable fiscal 2001 period. In fiscal 2002, the Company received $3.0 million for reimbursement of certain legal expenses covered under directors' and officers' liability insurance. This inflow was partially offset by payments against certain accrued expenses, including income taxes payable of $2.0 million and the payment of cash bonuses under incentive compensation plans. Cash was also generated by collections on accounts receivable and reductions in inventory, offset by repayment of amounts due to customers. The Company anticipates that it will continue to generate positive cash flow from operating activities this fiscal year.

Net cash provided by investing activities for the six months ended October 31, 2001, was $7.5 million. Approximately $8.5 million was obtained from the sale or redemption of certain marketable securities, most of which was reinvested in shorter term cash equivalents. These inflows were offset by the acquisition of capital equipment for approximately $576,000 and investments aggregating approximately $437,000 in the Company's China subsidiary, FEI-Asia, and a minority interest in a Russian crystal manufacturer. The Company may continue to acquire or sell marketable securities as dictated by its investment strategies as well as by the cash requirements for its development activities. The Company will continue to acquire more efficient equipment to automate its production process and expand its capacity. The Company intends to spend approximately $2 million on capital equipment during fiscal 2002. Internally generated cash will be adequate to acquire this capital equipment.

Net cash used in financing activities for the six months ended October 31, 2001, was $1.5 million compared to $715,000 for the comparable fiscal 2001 period. Included in both fiscal periods is payment of the Company's semiannual dividend in the aggregate amount of $829,000 and $799,000, respectively. In addition, the Company made scheduled debt payments of $573,000 in fiscal 2002 and $517,000 in 2001. Offsetting the cash outflows is approximately $71,000 in fiscal 2002 and $716,000 in fiscal 2001 received on the exercise of stock options to acquire approximately 10,000 and 129,000 shares, respectively, of Company stock.

At October 31, 2001, the Company's backlog amounted to approximately $39 million, similar to the backlog at April 30, 2001. Approximately 69% of the backlog represent orders for the commercial communications segment, 18% for the Gillam-FEI segment and 13% for the U.S. Government segment. Of this backlog, approximately 80% is realizable in the next 12 months.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:

The statements in this quarterly report on Form 10Q regarding future earnings and operations and other statements relating to the future constitute "forward-looking" statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products in the marketplace, competitive factors, new products and technological changes, product prices and raw material costs, dependence upon third-party vendors, competitive developments, changes in manufacturing and transportation costs, changes in contractual terms, the availability of capital, and other risks detailed in the Company's periodic report filings with the Securities and Exchange Commission. By making these forward-looking statements, the Company undertakes no obligation to update these statements for revisions or changes after the date of this report.

PART II

ITEM 1 - Legal Proceedings

On March 14, 2000, FEI commenced an action in the state court against National Union Fire Insurance of Pittsburgh, PA ("National"). The complaint set forth causes of action for declaratory judgment and breach of contract relating to certain directors and officers' liability insurance policies in connection with the Muller qui tam action and certain other litigations. Pursuant to a Settlement Agreement dated April 18, 2001, the action against National was settled, FEI was paid $3.0 million representing the full amount of the available coverage under the applicable National policy, FEI released its claims and the action was discontinued.

ITEM 6 - Exhibits and Reports on Form 8-K

(a) Exhibits - None

(b) Registrant's Form 8-K and 8-K/A, dated October 3, 2001, containing disclosure under Item 5 thereof (declaration of semi-annual dividend), was filed with the Securities and Exchange Commission during the quarter ended October 31, 2001.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FREQUENCY ELECTRONICS, INC.
(Registrant)

Date: December 17, 2001 BY /s/ Joseph P. Franklin

Joseph P. Franklin
Chairman of the Board of Directors

Date: December 17, 2001 BY /s/ Alan Miller

Alan Miller
Chief Financial Officer
and Controller