

Frequency Electronics, Inc.

Charter of the Audit Committee

Purpose

The primary function of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Frequency Electronics, Inc. (the “Company”), is to assist the Board by (i) overseeing the accounting and financial reporting processes of the Company, including the Company’s internal controls, and the audits of the financial statements of the Company, the qualifications and independence of the Company’s independent registered auditors (the “Independent Auditors”) and the performance of the Independent Auditors and the Company’s internal audit function, (ii) providing an open avenue of communication among the Independent Auditors, management and the Board, (iii) reviewing the financial reports and other financial information to be provided by the Company to any governmental body or the public and (iv) preparing a report of the Committee required by the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”) to be included in the Company’s annual proxy statement. Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices relating to auditing, accounting and financial reporting. The Committee also shall perform such other functions as may be delegated to it under resolutions or other directives of the Board.

In connection with its oversight role, the Committee may rely on management for the preparation and accuracy of the Company’s financial statements and the establishment of effective internal controls and procedures to ensure the Company’s compliance with accounting standards, financial reporting procedures and applicable laws and regulations, and on the Independent Auditors for an unbiased, diligent audit of the Company’s financial statements and the effectiveness of the Company’s internal controls. The members of the Committee are not employees of the Company and are not responsible for conducting any audit or performing any other accounting procedures.

Organization

The Committee shall be appointed by the Board from time to time and shall consist of three or more directors. Each member of the Committee shall be an independent director, as defined under the Nasdaq Stock Market’s listing standards and determined by the Board. In addition, each member of the Committee must meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (subject to the exemptions provided in Rule 10A-3(c) under the Exchange Act), not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years and be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. At least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background which results in such member’s financial sophistication, including being or having been a chief executive officer, chief financial

officer or other senior officer with financial oversight responsibilities. At least one member of the Committee must be an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K, who will be presumed to have financial sophistication. No member of the Committee may serve simultaneously on the audit committee of more than two other public companies. The Board shall appoint one member of the Committee as the Chair.

The Committee shall meet at least four times during each fiscal year, with additional meetings held as and when necessary. In order to provide an open avenue of communication among the Independent Auditors, management and the Board, the Committee shall meet at least annually with management and the Independent Auditors in separate executive sessions to discuss any matters that the Committee, management or the Independent Auditors believe should be discussed privately.

The Chair (or in his or her absence, a member designated by the Chair) shall preside at all meetings of the Committee. The Chair shall be responsible for leadership of the Committee, including scheduling meetings, preparing agenda, maintaining meeting minutes and making regular reports to the Board.

The Committee shall have the authority to retain and approve the fees and retention terms of external legal, financial, accounting and other consultants or advisors as it deems appropriate, including the Independent Auditors, without seeking the approval of the Board or management. The Committee shall receive appropriate funding from the Company, as determined by the Committee, for the payment of compensation to the Independent Auditors, any other accounting firm engaged to perform services for the Company and any other external legal, financial, accounting or other consultants or advisors to the Committee.

The Committee shall have complete access to the books, records, facilities and management of the Company. The Committee may invite members of management or others to attend the Committee’s meetings and provide pertinent information as appropriate.

Each member of the Committee is entitled to rely in good faith on the Company’s records and information, opinions, reports or statements presented by any of the Company’s officers or employees, or by any other person as to matters that such member of the Committee reasonably believes are within such other persons’ professional or expert competence and who have been selected with reasonable care by or on behalf of the Committee or the Company. Each member of the Committee also may rely in good faith on actions taken by other committees of the Board as delegated to such other committees under the resolutions and other directives of the Board.

Authority and Responsibilities

The Audit Committee shall have the following authority and responsibilities:

In its capacity as a committee of the Board, to (i) be directly responsible for the appointment, compensation, retention and oversight of the work of the Independent Auditors, including the Independent Auditors’ audit of the Company’s annual financial statements, books, records, accounts and internal controls over financial reporting, (ii) have the sole authority to set

and approve the compensation of the Independent Auditors and (iii) if necessary, terminate the engagement of the Independent Auditors.

To select, retain, compensate, oversee and terminate, if necessary, any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.

To approve all audit engagement fees and terms, and to pre-approve all audit and permitted non-audit and tax services that may be provided by the Independent Auditors or other registered public accounting firms, and to establish policies and procedures for the Committee's pre-approval of permitted services by the Independent Auditors or other registered public accounting firms on an on-going basis.

At least annually, to obtain and review a report by the Independent Auditors that describes (i) the Independent Auditors' internal quality control procedures, (ii) any material issues raised by the most recent internal quality control review, peer review or Public Company Accounting Oversight Board review or inspection of the Independent Auditors or by any other inquiry or investigation by governmental or professional authorities in the past five years regarding one or more audits carried out by the Independent Auditors and any steps taken to deal with any such issues and (iii) all relationships between the Independent Auditors and the Company or any of its subsidiaries, and to discuss with the Independent Auditors this report and any relationships or services that may impact the objectivity and independence of the Independent Auditors.

At least annually, to evaluate the qualifications, performance and independence of the Independent Auditors, including an evaluation of the lead audit partner, to ensure the regular rotation of the lead audit partner at the Independent Auditors and to consider whether rotation of the Independent Auditors is necessary or appropriate to ensure continuing independence of the Independent Auditors.

To review and discuss with the Independent Auditors (i) the Independent Auditors' responsibilities under generally accepted auditing standards and the responsibilities of management in the audit process, (ii) the overall audit strategy, (iii) the scope and timing of the annual audit, (iv) any significant risks identified during the Independent Auditors' risk assessment procedures and (v) when completed, the results, including significant findings, of the annual audit.

To review and discuss with the Independent Auditors (i) all critical accounting policies and practices to be used in the audit, (ii) all alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with management and the ramifications of the use of such alternative treatments and the treatment preferred by the Independent Auditors and (iii) other material written communications between the Independent Auditors and management.

To review and discuss with the Independent Auditors and management (i) any audit problems or difficulties, including difficulties encountered by the Independent Auditors during their audit work (such as restrictions on the scope of their activities or their access to information), (ii) any significant disagreements with management and (iii) management's response to any such problems, difficulties or disagreements, and to resolve any such problems, difficulties or disagreements between the Independent Auditors and management.

To review with management and the Independent Auditors any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles, any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effects of alternative GAAP methods, and the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements.

To keep the Independent Auditors informed of the Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company, and to review and discuss with the Independent Auditors the Independent Auditors' evaluation of the Company's identification of, accounting for and disclosure of any relationships and transactions with related parties, including any significant matters arising from the audit regarding the Company's relationships and transactions with related parties.

To review with management and the Independent Auditors the adequacy and effectiveness of the Company's financial reporting processes, internal control over financial reporting and disclosure controls and procedures, including any significant deficiencies or material weaknesses in the design or operation of, and any material changes in, the Company's processes, controls and procedures and any special audit steps adopted in light of any material control deficiencies, and any fraud involving management or other employees with a significant role in such processes, controls and procedures, and review and discuss with management and the Independent Auditors disclosure relating to the Company's financial reporting processes, internal control over financial reporting and disclosure controls and procedures to be included in or attached as exhibits to the Company's annual report on Form 10-K or quarterly report on Form 10-Q, as applicable.

To review and discuss with the Independent Auditors any other matters required to be discussed by the applicable requirements of the PCAOB and the SEC, including the written disclosures required by the PCAOB regarding the Independent Auditors' independence.

To review and discuss with the Independent Auditors and management the Company's annual audited and quarterly financial statements (including the related notes), the form of audit opinion to be issued by the Independent Auditors on the annual audited financial statements and the certifications and disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's annual reports on Form 10-K and quarterly reports on Form 10-Q. The Committee shall recommend to the Board whether the Company's financial statements should be accepted for inclusion in the Company's

annual reports on Form 10-K and quarterly reports on Form 10-Q and whether the Forms 10-K and Forms 10-Q should be filed with the SEC, and to produce the report of the Committee required to be included in the Company's annual proxy statement.

To review, discuss with the Independent Auditors and approve the Company's internal audit function, including its purpose, authority, organization, responsibilities, budget and staffing, and to review the scope and performance of the internal audit function's internal audit plan, including the results of any internal audits, any reports to management and management's response to those reports.

To review and discuss with management and the Independent Auditors the Company's earnings press releases, including the type of information to be included and its presentation and the use of any pro forma, adjusted or other non-GAAP financial information before their release to the public, and any financial information and earnings guidance provided to analysts and ratings agencies, including the type of information to be disclosed and type of presentation to be made.

To set Company hiring policies for employees or former employees of the Independent Auditors that participated in any capacity in any Company audit.

To establish and oversee procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.

To review and discuss with management the risks faced by the Company and the policies, guidelines and process by which management assesses and manages the Company's risks, including the Company's major financial and other risk exposures and the steps management has taken to monitor and control such risk exposures.

To review the Company's compliance with applicable laws and regulations and to review and oversee the Company's policies, procedures and programs designed to promote and monitor legal and regulatory compliance.

To review with the Independent Auditors and management any business or financial issues that could have a significant impact on the Company's financial statements.

To review with applicable outside legal counsel any legal or regulatory matters, including legal cases against or regulatory investigations of the Company or its subsidiaries, that could have a significant impact on the Company's financial statements.

To evaluate the guidelines and policies governing the process by which the Company's management and relevant departments of the Company assess and manage the Company's

exposures to risk, the Company's major risk exposures and the steps management has taken to monitor and mitigate such exposures.

To review, approve or ratify (if appropriate) and oversee any transaction between the Company and any related person (as defined in Item 404 of Regulation S-K) on an ongoing basis, and to develop policies and procedures for the Committee's approval of any such related party transactions.

To serve as the Company's Qualified Legal Compliance Committee, as such term is defined by the SEC in 17 C.F.R. 205, and, in this capacity, perform the duties set forth on Appendix I.

Delegation of Authority

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate and consistent with applicable regulations, laws and listing standards.

Performance Review and Charter

The Committee shall conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this charter, and, in consultation with the Nominating and Corporate Governance Committee, periodically review the adequacy of this charter and recommend any proposed changes to the Board.

Qualified Legal Compliance Committee

Authority and Responsibilities

The Qualified Legal Compliance Committee (“QLCC”) of the Company has the authority and responsibility to:

1. adopt written procedures for the confidential receipt, retention and treatment of any report of evidence of a material violation of any applicable United States federal or state securities law, a material breach of fiduciary duty arising under United States federal or state law, or a similar material violation of any United States federal or state law (a “Material Violation”);
2. inform the Company’s chief legal officer and chief executive officer, or the equivalents thereof, of any report of evidence of a Material Violation, except if the QLCC believes that to do so would be futile;
3. determine whether an investigation is necessary regarding any report of evidence of a Material Violation by the Company, its officers, directors, employees or agents and, if the QLCC determines an investigation is necessary or appropriate, to:
 - a. notify the Board;
 - b. initiate an investigation, which may be conducted either by the chief legal officer (or equivalent) or by outside legal counsel; and
 - c. retain such additional expert personnel as the QLCC deems necessary;
4. at the conclusion of any such investigation, to:
 - a. recommend that the Company implement an appropriate response to evidence of a Material Violation; and
 - b. inform the Company’s chief legal officer and chief executive officer, or the equivalents thereof, and the Board of the results of any such investigation and the appropriate remedial measures to be adopted; and
5. to take all other appropriate action, including the authority to notify the SEC in the event that the Company fails in any material respect to implement an appropriate response that the QLCC has recommended the Company to take.