



Increased Engineering Costs Continue to Impact Near-Term Results for Frequency Electronics

MITCHEL FIELD, N.Y., March 2, 2007 (PRIME NEWSWIRE) -- Frequency Electronics, Inc. (Nasdaq:FEIM), has incurred increased engineering costs, as first reported last fall (see press release dated October 30, 2006), which continue to impact near-term operating results. These larger than anticipated costs, consisting mostly of internally funded development work, represent investments expected to yield substantial profits on satellite payload projects already awarded and enhance Frequency's ability to acquire and perform on future projects in this expanding market. These extra engineering costs are expected to substantially abate during the next ninety days.

Validating the Company's expectations of significant growth in space business, Frequency has recently succeeded in winning additional contract awards for large satellite payload systems on which it expects to realize high profit margins. The Company has acquired additional skilled, highly specialized engineering resources to meet this increased demand and will continue to expand engineering and manufacturing capabilities. Further, Frequency is funding the development of advanced manufacturing designs to respond to the higher volumes of production units required by larger satellite payload programs.

This past week, Frequency conducted final testing at the Company's facility on units to be delivered to the two early large satellite payload projects initially awarded in September 2005. Frequency determined that additional engineering and manufacturing efforts will be required to meet performance specifications and to facilitate production of a high quantity of units in a compressed time frame. Accordingly, the Company increased its estimated final costs to complete these projects. This revision of estimated costs to complete required the deferral of revenue recognition which would have been recorded in the Company's third quarter ended on January 31, 2007. Although deferral of revenue recognition is not a cash event, it compounds the negative impact of costs on reported operating income for the quarter. As these two early contracts are completed, the deferred revenues will be recognized. Such recognition is currently expected to occur over the next ninety days.

The results for Frequency's third quarter of fiscal 2007 will be reported on March 14, 2007. At that time, the Company will be participating in the B. Riley & Co. 8th Annual Investor Conference. Frequency will present and detail its very positive outlook for the balance of this year and next.

A separate press release will provide investors with information regarding Frequency's third quarter earnings release conference call and how to tune in to the investor conference presentation.

About Frequency Electronics

Frequency Electronics, Inc. is a world leader in the design, development and manufacture of high precision timing, frequency control and synchronization products for space and terrestrial applications. FEI's products are used in commercial, government and military systems, including satellite payloads, missiles, UAVs, aircraft, GPS, secure radios, SCADA, energy exploration and wireline and wireless communication networks. FEI has received over 60 awards of excellence for achievements in providing high performance electronic assemblies for over 120 space programs. The Company invests significant resources in research and development and strategic acquisitions world-wide to expand its capabilities and markets. Subsidiaries and Affiliates: Gillam-FEI provides expertise in wireline network synchronization and SCADA; FEI-Zyfer provides GPS and secure timing ("SAASM") capabilities for critical military and commercial applications; FEI-Asia provides cost effective manufacturing and distribution capabilities in a high growth market. FEI's Morion affiliate supplies high-quality, cost effective quartz oscillators and components. Elcom Technologies provides added resources for state-of-the-art RF microwave products. Additional information is available on FEI's website: www.frequencyelectronics.com

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: The Statements in this press release regarding 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, inability to integrate operations and personnel, actions by significant customers or competitors, general domestic and international economic conditions, consumer spending trends, reliance on key customers, 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, 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 release.

CONTACT:

Frequency Electronics, Inc.

Alan Miller, CFO

General Joseph P. Franklin, Chairman

(516) 794-4500

www.frequencyelectronics.com