



Frequency Electronics Announces Outstanding Results for 2nd Quarter FY '01

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MITCHEL FIELD, N.Y.--(BUSINESS WIRE)--Dec. 11, 2000--Frequency Electronics, Inc. (AMEX-FEI) today announced that its second quarter revenues increased 79% compared to the same period last year.

Net income for the quarter, which ended October 31, 2000, rose 207% compared to a year ago. "These outstanding results reflect the continuing demand for FEI's proprietary technology products," according to General Joseph Franklin, the Company's Chairman.

Revenues for the quarter were \$10.82 million, compared to \$6.04 million in the same quarter of fiscal 2000. Net income rose to \$1.47 million, \$0.17 per diluted share, compared to \$478 thousand or \$0.06 per share for the same quarter of fiscal 2000. Excluding Gillam-FEI, the Company's Belgian subsidiary, revenues were \$10.24 million and net income was \$1.43 million.

FEI's growth is being driven by the continuing expansion of existing wireless infrastructure. The Company is in the process of increasing its production capacity to meet the needs of the current generations of wireless networks.

Discussing future business, President Martin Bloch said: "The Company is supplying timing and synchronization systems for beta-site field-testing of the next-generation of wireless networks (2.5G and 3G). We are also developing a family of products which combines time and synchronization with FEI's proprietary microwave technology for the fiber optic industry. We have delivered our first R/T (receive/transmit) modules, and expect production to begin by mid-2001. These modules are essential for increasing the throughput of fiber optic networks."

During the quarter, the Company completed its acquisition of Gillam SA. Renamed Gillam-FEI, this new Belgian subsidiary will facilitate the entry of FEI's products into the growing wireless markets in Europe. Also, Gillam-FEI produces highly competitive wireline synchronization systems that will extend FEI's reach into this growing market in the United States and worldwide. The demand for wireline synchronization systems is analogous to wireless. The requirements for connectivity, including to the Internet, from wireless to wireline systems is growing in tandem with the growth of wireless communications.

Frequency Electronics is a world leader in the design, development and manufacture of high-technology frequency, timing and synchronization products for satellite and terrestrial voice, video and data telecommunications. The Company's technologies provide unique solutions that are essential building blocks for the next generation of broadband wireless and fiber optic communications systems, and for the ongoing expansion of existing wireless and wireline networks. 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 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, 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.

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

Quarter Ended		Six Months Ended	
October 31,		October 31,	
2000	1999	2000	1999
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(unaudited)		(unaudited)	

(in thousands except per share data)

Net Sales	\$10,819	\$ 6,036	\$19,712	\$11,500
Cost of Sales	6,128	3,355	11,109	6,427
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Gross Margin	4,691	2,681	8,603	5,073
Selling and Administrative	2,049	1,112	4,178	2,324
Research and Development	1,162	1,240	2,366	2,490
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Operating Profit	1,480	329	2,059	259
Interest and Other, Net	696	429	1,314	1,173
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Earnings before income taxes	2,176	758	3,373	1,432
Income Tax Provision	705	280	1,095	510
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Net Earnings	\$ 1,471	\$ 478	\$ 2,278	\$ 922
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Net Earnings per Share:				
Basic	\$ 0.18	\$ 0.06	\$ 0.28	\$ 0.12
	=====	=====	=====	=====
Diluted	\$ 0.17	\$ 0.06	\$ 0.27	\$ 0.12
	=====	=====	=====	=====
Average Shares Outstanding				
Basic	8,187,718	7,577,010	8,108,624	7,566,569
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Diluted	8,646,789	7,979,270	8,567,859	7,933,654
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Frequency Electronics, Inc. and Subsidiaries
Consolidated Condensed Balance Sheets

October 31,
2000

April 30,
2000

(in thousands)

ASSETS

Cash & Marketable Securities	\$35,682	\$41,007
Other Current Assets	38,598	26,166
Property, Plant & Equipment	11,869	9,040
Other Assets	9,874	4,634
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	\$96,023	\$80,847
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	\$11,242	\$ 5,008
Long-term Obligations	18,412	16,849
Stockholders' Equity	66,369	58,990
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	\$96,023	\$80,847
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