



Frequency Electronics Announces Results for 1st Quarter FY 2000

>September 14, 1999 - Frequency Electronics, Inc. (AMEX_FEI) today announced the results for its 1st quarter of fiscal year 2000, which ended July 31, 1999. Revenues for the quarter were \$5.46 million compared to \$7.1 million in the same quarter of fiscal 1999. The Company recorded net income of \$444 thousand, or \$.06 per share compared with \$518 thousand net income, or \$.07 per share, in the 1st quarter of fiscal 1999.

Research and development spending was \$1.25 million for the quarter, compared to \$795 thousand in the same period last year. The higher figure reflects carryover from the heavy spending rate reached during the last half of fiscal 1999. Although substantially lower than the \$2.15 million spent in the preceding quarter, it is approximately \$400 thousand higher than the expected quarterly rate of research and development spending for the balance of this fiscal year.

Of special note, overall gross margins for the quarter just ended reached 44%, up from 20% in the preceding quarter and 34% in the same quarter last year. These overall gross margins are a significant milestone reflecting the Company's diminishing dependence on contract manufacturing.

Sales of terrestrial wireless products have been the main source of revenue, and these sales continue to grow and expand into new markets. The Company expects this trend to continue as the cellular telephony and VSAT markets grow. Internal efforts for space products continue to focus on product development. Industry sources predict that activity in this major commercial market for FEI's space products will increase substantially by mid-year 2000.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: The statements contained in this release which are forward-looking statements, and not based on historical facts are subject to risks and uncertainties that could cause actual results to differ materially from those set forth or implied herein.

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

	Quarter Ended July 31,	
	1999	1998
	(unaudited)	
	(in thousands except per share data)	
Net Sales	<u>\$ 5,464</u>	<u>\$ 7,015</u>
Cost of Sales	3,072	4,626
Selling and Administrative	1,212	1,194
Research and Development	<u>1,250</u>	<u>795</u>
Operating (Loss) Profit	(70)	400
Interest and Other, net	<u>744</u>	<u>518</u>

Earnings before income taxes	674	918
Income tax provision	<u>230</u>	<u>400</u>
Net Earnings	<u>\$444</u>	<u>\$518</u>

Net Earnings per
Common Share:

Basic	\$ 0.06	\$ 0.07
Diluted	<u>\$ 0.06</u>	<u>\$ 0.07</u>

Average Common Shares
Outstanding:

Basic	<u>7,556,129</u>	<u>7,514,841</u>
Diluted	<u>7,887,877</u>	<u>7,917,734</u>

Frequency Electronics, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

July 31, April
 30,
1999 1999
(in thousands)

ASSETS

Cash & Marketable Securities	\$40,537	\$39,287
Other Current Assets	23,221	25,404
Property, Plant & Equipment	9,481	9,489
Other Assets	4,263	4,175
	<u>\$77,502</u>	<u>\$78,355</u>

**LIABILITIES AND
STOCKHOLDERS' EQUITY**

Current Liabilities	\$ 3,637	\$ 4,889
Long-term Obligations	16,818	16,959
Stockholders' Equity	57,047	56,507
	<u>\$77,502</u>	<u>\$78,355</u>