

Frequency Electronics Announces Results for 1st Quarter FY 2001

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MITCHEL FIELD, N.Y.--(BUSINESS WIRE)--Sept. 12, 2000--Frequency Electronics, Inc. (AMEX-FEI) today announced the results for its 1st quarter of fiscal year 2001, which ended July 31, 2000.

Revenues for the quarter were \$8.89 million compared to \$5.46 million in the same quarter of fiscal 2000. The Company recorded net income of \$807 thousand, or \$0.10 per share compared with \$444 thousand net income, or \$0.06 per share, in the 1st quarter of fiscal 2000.

Revenues increased 63% over the year-ago quarter and by 12% over the immediately preceding fiscal quarter continuing the revenue growth trend that the Company has experienced over the past 6 quarters. This is a reflection of the strong demand for the Company's wireless communications products.

Gross margins remain strong while operating margin improved to 6% of sales compared to an operating loss in the 1st quarter of fiscal 2000. Results for fiscal 2001 were impacted by certain one-time costs of approximately \$300,000 related to litigation dating from 1993 and by costs incurred in connection with the Company's acquisition of the Belgian company, Gillam, S.A. Excluding these costs, operating profit would have been 11% of sales and earnings per share would have been \$0.12.

The Company continues to make significant investments in research and development, spending \$1.20 million in the current quarter compared to \$1.25 million in the year-ago period. The Company is developing products in support of third generation (3G) wireless infrastructure systems and products which increase the capability of existing TDMA and GSM systems (EDGE), as well as products for interconnectivity with wireline and fiber optic networks. The acquisition of Gillam, S.A., as announced on August 30, 2000, is expected to advance substantially the Company's ability to exploit the markets for these products worldwide.

"We are very pleased with the results of this quarter," said General Joseph Franklin, Chairman of the Board. "With the growing demand for our products we expect continuing increases in our sales and profitability."

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.

Cost of Sales	4,981	3,072
Selling and Administrative	2,129	1,212
Research and Development	1,204	1,250
Operating Profit (Loss)	579	(70)
Interest and Other, net	618	744
Earnings before income taxes	1,197	674
Income tax provision	390	230
Net Earnings	\$ 807	\$ 444
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Net Earnings per Common Share:		
Basic	\$ 0.10	\$ 0.06
Diluted	\$ 0.10	\$ 0.06
Average Common Shares Outstanding:		
Basic	8,031,530	7,556,129
	========	========
Diluted	8,488,530	7,887,877
	========	========
Frequency Electronics, Inc. and Subsidiaries		
Condensed Consolidated Balance Sheets		
	July 31,	April 30,
	2000	2000
	(in thousands)	
ASSETS		
Cash & Marketable Securities	\$43,463	\$41,007
Other Current Assets	25,462	26,166
Property, Plant & Equipment	9,150	9,040
Other Assets	4,771	4,634
	\$82,846	\$80,847
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LIABILITIES AND STOCKHOLDERS' EQUITY	Ľ	
Current Liabilities	\$ 4,022	\$ 5,008
Long-term Obligations	16,904	16,849
Stockholders' Equity	61,920	58,990
	\$82,846	\$80,847
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