

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): June 6, 2013

FREQUENCY ELECTRONICS, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-8061

(Commission File Number)

11-1986657

(IRS Employer Identification No.)

55 Charles Lindbergh Blvd., Mitchel Field, NY

(Address of principal executive offices)

11553

(Zip Code)

Registrant's telephone number, including area code: **(516) 794-4500**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

On June 6, 2013, Frequency Electronics, Inc., a Delaware corporation (the “Company”), obtained a credit facility (the “Facility”) from JPMorgan Chase Bank, N.A. (“JPMorgan”) pursuant to a credit agreement (the “Credit Agreement”) between the Company and JPMorgan. The maximum aggregate amount of the Facility is \$25,000,000, of which the Company borrowed \$7,200,000 on June 6, 2013, as evidenced by the Line of Credit Note, dated as of June 6, 2013 (the “Note”), by the Company to JPMorgan. The Company may make borrowings under the Facility from either Tranche A or Tranche B or a combination of both, not to exceed \$25,000,000. Pursuant to the Credit Agreement, the amount of Tranche A borrowings may not exceed the value of the Pledged Investments (as defined in the Credit Agreement). The amount of Tranche B borrowings may not exceed the lesser of (i) \$15,000,000 and (ii) the Borrowing Base (as defined in the Credit Agreement). The Facility is fully guaranteed by certain of the Company’s subsidiaries and is secured by, among other things, a pledge of substantially all personal property of the Company and certain of the Company’s subsidiaries.

The Note will bear interest, payable monthly, at a rate equal to the LIBOR Rate, as determined from time to time by JPMorgan pursuant to the terms of the Note, plus a margin of 0.75% for Tranche A borrowings and 1.75% for Tranche B borrowings. The principal balance on the Note, along with any accrued and unpaid interest, is due and payable no later than June 5, 2018, which is the maturity date of the Facility. In addition, the Company is required to pay JPMorgan fees equal to 0.1% per annum on any unused portion of the Facility. Proceeds from the Facility will be used for working capital and to finance acquisitions.

The Credit Agreement requires the Company to maintain, as of the end of each fiscal quarter, a Funded Debt to EBITDA ratio (as each term is defined in the Credit Agreement) of not less than 3.0 to 1.0 and an Interest Charge Coverage Ratio (as defined in the Credit Agreement) of not less than 5.0 to 1.0.

The Credit Agreement contains a number of affirmative and negative covenants, including limitations on the incurrence of additional debt, liens on property, acquisitions, loans and guarantees, mergers, consolidations, liquidations and dissolutions, asset sales, and distributions and other payments in respect of the Company’s capital stock. The Credit Agreement also contains certain events of default customary for credit facilities of this type, including nonpayment of principal or interest when due, material incorrectness of representations and warranties when made, breach of covenants, bankruptcy and insolvency, unstayed material judgment beyond specified periods, and acceleration or payment default of other material indebtedness.

If any events of default occur, JPMorgan will have the option to exercise certain remedies customary for credit facilities of this type, including declaring the outstanding loans to be due immediately, without notice.

The description above is a summary and is qualified in its entirety by the Credit Agreement, the Note, the Continuing Guaranty, the Continuing Pledge Agreement, the Continuing Security Agreement, and the Control Agreement, each of which is filed as an exhibit to this report and is incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth above under Item 1.01 is hereby incorporated by reference into this Item 2.03.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Credit Agreement, dated as of June 6, 2013, between Frequency Electronics, Inc. and JPMorgan Chase Bank, N.A.</u>
10.2	<u>Line of Credit Note, dated as of June 6, 2013, by Frequency Electronics, Inc. to JPMorgan Chase Bank, N.A.</u>
10.3	<u>Continuing Guaranty, dated as of June 6, 2013, by FEI-Elcom Tech, Inc., FEI Communications, Inc., FEI Government Systems, Inc. and FEI-Zyfer, Inc. in favor of JPMorgan Chase Bank, N.A.</u>
10.4	<u>Continuing Pledge Agreement, dated as of June 6, 2013, by Frequency Electronics, Inc. in favor of JPMorgan Chase Bank, N.A.</u>
10.5	<u>Continuing Security Agreement, dated as of June 6, 2013, between Frequency Electronics, Inc. and JPMorgan Chase Bank, N.A.</u>
10.6	<u>Control Agreement, dated as of June 6, 2013, between Frequency Electronics, Inc., JPMorgan Chase Bank, N.A. and J.P. Morgan Securities LLC</u>

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 11, 2013

FREQUENCY ELECTRONICS, INC.

By: /s/ Alan Miller

Name: Alan Miller

Title: Secretary, Treasurer and Chief Financial Officer

EXHIBIT INDEX

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This agreement dated as of June 6, 2013 is between JPMorgan Chase Bank, N.A. (together with its successors and assigns, the “**Bank**”), whose address is 395 North Service Rd., 3rd Floor, Melville, NY 11747, and FREQUENCY ELECTRONICS, INC. (individually, the “**Borrower**” and if more than one, collectively, the “**Borrowers**”), whose address is 55 Charles Lindbergh Boulevard, Uniondale, NY 11553.

1. Credit Facilities.

- 1.1 Scope.** This agreement, unless otherwise agreed to in writing by the Bank and the Borrower or prohibited by any Legal Requirement (as hereafter defined), governs the Credit Facilities as defined below. Advances under any Credit Facilities shall be subject to the procedures established from time to time by the Bank. Any procedures agreed to by the Bank with respect to obtaining advances, including automatic loan sweeps, shall not vary the terms or conditions of this agreement or the other Related Documents regarding the Credit Facilities.
- 1.2 Revolving Credit Facility.** During the term of this agreement, the Bank will provide revolving credit facilities to the Borrower as set forth in Section 1.5 (**Tranche A**) and Section 1.6 (**Tranche B**) in an aggregate amount not exceeding \$25,000,000.00 (the “**Credit Limit**”); provided however that at no time will (a) the principal amount outstanding under Tranche B exceed \$15,000,000.00, and (b) the principal amount outstanding under Tranche A plus the principal amount outstanding under Tranche B exceed the Credit Limit. The Borrower acknowledges and agrees that the Credit Facilities granted herein are subject to the performance and compliance by the Borrower of the terms contained in this agreement or any Related Document, or in any other document or agreement evidencing or securing the Credit Facilities. Advances under either Tranche A or Tranche B must be made in amounts not less than \$500,000.00 (the “**Minimum Borrowing Limit**”) except where the Borrower elects to advance amounts under either Tranche A or Tranche B as an Alternate Rate Borrowing as set forth in Section 1.7, in which case the minimum borrowing limit shall be \$100,000.00 (the “**Alternate Borrowing Limit**”).
- 1.3 Term.** The revolving credit facilities are available between the date of this agreement and June 5, 2018 or such earlier date as provided for hereunder (the “**Maturity Date**”). Until the earliest to occur of the Maturity Date or an Event of Default (as defined below) or any event that would constitute an Event of Default but for the giving of notice, the lapse of time or both, the Borrower may borrow, pay down and reborrow amounts under Tranche A and Tranche B.
- 1.4 Use of Proceeds.** The proceeds from Tranche A and Tranche B will be used by the Borrower for working capital and to finance acquisitions.
- 1.5 Tranche A.** Subject to the satisfaction by Borrower of the conditions set forth in Section 3 herein, upon receipt of Borrower’s written request in accordance with Section 1.8, the Bank shall advance amounts to the Borrower under Tranche A, from time to time, in an aggregate amount not exceeding (a) the lesser of (i) the Credit Limit, or (ii) the Loan Value of the Pledged Investments as defined below, less (b) the unpaid principal amount under Tranche B. Amounts advanced under this Section 1.5 will be due and payable from the Borrower to the Bank as set forth in Section 1.9; provided, however, that in the event the principal amounts outstanding under Tranche A exceed the Loan Value of the Pledged Investments, the Borrower shall, at its option, (1) supplement the Pledged Investments by delivering to the Bank additional Pledged Investments, or (2) make, or cause to be made, payment in respect of Tranche A, or (3) liquidate Pledged Investments, or (4) convert such excess to Tranche B borrowings to the extent advances are available under Tranche B, or (5) any combination of the actions described in clauses (1) to (4), in each case, to the extent necessary to ensure the Borrower’s compliance with this Section 1.5.
- 1.6 Tranche B.** Subject to the satisfaction by Borrower of the conditions set forth in Section 3 herein, upon receipt of Borrower’s written request in accordance with Section 1.8, the Bank shall advance amounts to the Borrower under Tranche B, from time to time, in an aggregate amount not exceeding the Borrowing Base. Amounts advanced under this Section 1.6 will be due and payable from the Borrower to the Bank as set forth in Section 1.9. The Borrower hereby agrees to an inspection and audit, at its own expense, at any time the unpaid principal amount under Tranche B are in excess of \$2,000,000.00 for greater than twelve (12) months; provided that so long as no Event of Default has occurred and is continuing, such inspection and audit shall be limited to once per fiscal year. After such inspection and audit, the Bank reserves the right to revisit the advance rates referenced in Section 2.1(C) below in determining the Borrowing Base.
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- 1.7 Interest.** The Borrower hereby agrees to pay interest as set forth under the Notes. Interest shall be computed on the basis of the actual number of days elapsed in a year of 360 days. The Borrower may elect to pay interest at an alternate rate as set forth in the Note on any advance requested under either Tranche A or Tranche B until such time as such advances are paid in full by the Borrower (the “**Alternate Rate Borrowing**”). The Alternate Borrowing Limit, not the Minimum Borrowing Limit, shall apply to any advances made as an Alternate Rate Borrowing.
- 1.8 Notice of Advance.** Whenever the Borrower desires to receive an advance under either Tranche A or Tranche B, the Borrower will give the Bank at least three (3) Business Days’ prior written notice (one (1) Business Day prior written notice in the case of any Alternate Rate Borrowings) (or telephonic notice promptly confirmed in writing) of the advance to be made hereunder, provided that any such notice shall be deemed to have been given on a certain day only if given before 12:00 Noon (New York time) on such day. Each such written notice or written confirmation of telephonic notice (each, a “**Notice of Borrowing**”) shall be irrevocable and shall be given by or on behalf of the Borrower in the form of **Exhibit A**, appropriately completed to specify: (A) the aggregate principal amount of the advance to be made, (B) the date of such advance (which shall be a Business Day), (C) whether the advance will be made under Tranche A or Tranche B, (D) whether the advance will be an made as an Alternate Rate Borrowing, and (E) whether the advance will be used to finance an Acquisition, as defined below. In addition, the Borrower shall submit the Borrowing Base Certificate at any time an advance is requested under Tranche B and there are no amounts outstanding under Tranche B at the time of such request. Without in any way limiting the obligation of the Borrower to confirm in writing any telephonic notice permitted to be given hereunder, the Bank may, prior to receipt of written confirmation, act without liability upon the basis of such telephonic notice, believed by the Bank in good faith to be from an authorized officer of the Borrower. In each such case, the Bank’s record of the terms of such telephonic notice shall be conclusive evidence of the contents of such notice, absent manifest error.
- 1.9 Repayment Terms.** The Borrower will make monthly interest payments on Tranche A and Tranche B with the initial interest payment due and payable on May 31, 2013 and, thereafter, on the last day of each succeeding calendar month until all amount due hereunder are paid in full. The Borrower will make payment in full of the principal amounts outstanding under Tranche A and Tranche B, accrued interest thereon and any other charges outstanding under this agreement no later than the Maturity Date.
- 1.10 Fees.** The Borrower hereby agrees to pay fees to the Bank equal to 0.10% per annum on the unused portion of the Credit Limit, quarterly, in arrears, on the last day of each calendar quarter, based on the actual number of days elapsed on the basis of a year of 360 days.

2. Definitions and Interpretations.

2.1 Definitions. As used in this agreement, the following terms have the following respective meanings:

A. “Affiliate” means any Person which, directly or indirectly Controls or is Controlled by or under common Control with, another Person. The Bank is under no circumstances to be deemed an Affiliate of the Borrower or any of its Subsidiaries.

B. “Authorizing Documents” means certificates of authority to transact business, certificates of good standing, borrowing resolutions, appointments, officer’s certificates, certificates of incumbency, and other documents which empower and authorize or evidence the power and authority of all Persons (other than the Bank) executing any Related Document or their representatives to execute and deliver the Related Documents and perform the Person’s obligations thereunder.

C. “Borrowing Base” means the lesser of (1) \$15,000,000.00 or (2) the sum of, as determined by the Bank from time to time, (i) 80% of the aggregate amount of Eligible Accounts Receivable, plus (ii) 50% of the aggregate amount of Eligible Raw Materials Inventory (not to exceed an aggregate amount of \$5,500,000.00 with respect to Eligible Raw Materials Inventory at any time of determination), plus (iii) 35% of the aggregate amount of Eligible WIP and Finished Goods Inventory (not to exceed an aggregate amount of \$4,000,000.00 with respect to Eligible WIP and Finished Goods Inventory at any time of determination), plus (iv) 80% of the aggregate amount of Thales Alenia Receivables (not to exceed an aggregate amount of \$2,000,000.00 with respect to Thales Alenia Receivables at any time of determination); provided, however, that the Bank may exclude Thales Alenia Receivables from the Borrowing Base in the event (x) of the reorganization, bankruptcy, insolvency, arrangement, readjustment of debt, dissolution or liquidation proceeding, or insolvency of Thales Alenia Space, or (y) the Bank, in its sole discretion, determines that the collection of such Thales Alenia Receivables to be doubtful by reason of the financial condition of Thales Alenia Space or the Thales Group, or deems the creditworthiness or financial condition of Thales Alenia Space or the Thales Group to be unsatisfactory; provided further that in each calendar year for at least one (1) continuous thirty (30) day period during such calendar year, there shall be no amounts advanced pursuant to clause (iii).

D. “Borrowing Base Certificate” means a certificate signed by an officer of the Borrower, substantially in the form of Exhibit B attached hereto and appropriately completed.

E. “Business Day” means a day other than a Saturday, Sunday or any other day on which national banking associations are authorized to be closed.

F. “Capital Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

G. “Collateral” means all Property, now or in the future subject to any Lien in favor of the Bank, securing or intending to secure, any of the Liabilities.

H. “Control” as used with respect to any Person, means the power to direct or cause the direction of, the management and policies of that Person, directly or indirectly, whether through the ownership of Equity Interests, by contract, or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

I. “Credit Facilities” means all extensions of credit from the Bank to the Borrower, whether now existing or hereafter arising, including but not limited to those described in Section 1, if any, and those extended contemporaneously with this agreement.

J. “Distributions” means all dividends and other distributions made to any Equity Owners, other than salary, bonuses, and other compensation for services expended in the current accounting period.

K. “Eligible Accounts Receivable” means accounts receivable arising in the ordinary course of Borrower’s business from the sale of goods or rendition of services, which the Bank, in its reasonable judgment, shall deem eligible for borrowing, based on such considerations as the Bank may from time to time deem appropriate. Eligible Accounts Receivable shall not include the following:

1. the Thales Alenia Receivables;
 2. accounts receivable that the account debtor has failed to pay within one hundred twenty (120) days of invoice date or accounts receivable which are not due within one hundred twenty (120) days of the invoice date;
 3. accounts receivable owed by an account debtor or its Affiliates where twenty-five percent (25%) or more of all accounts owed by that account debtor (or its Affiliates) are deemed ineligible under clause (2) above;
 4. accounts receivable with respect to which the account debtor is an employee, Affiliate, or agent of Borrower;
 5. accounts receivable with respect to which goods are placed on consignment, guaranteed sale, sale or return, sale on approval, bill and hold, or other terms by reason of which the payment by the account debtor may be conditional;
 6. accounts receivable that are not payable in U. S. Dollars or with respect to which the account debtor: (i) does not maintain its chief executive office in the United States, or (ii) is not organized under the laws of the United States or any State thereof, or (iii) is the government of any foreign country or sovereign state, or of any state, province, municipality, or other political subdivision thereof, or of any department, agency, public corporation, or other instrumentality thereof;
 7. accounts receivable with respect to which the account debtor is a creditor of Borrower, has or has asserted a right of setoff, has disputed its liability, or has made any claim with respect to the accounts receivable;
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8. accounts receivable with respect to which the account debtor is subject to any reorganization, bankruptcy, insolvency, arrangement, readjustment of debt, dissolution or liquidation proceeding, or becomes insolvent, or goes out of business;
9. accounts receivable the collection of which the Bank, in its sole discretion, believes to be doubtful by reason of the account debtor's financial condition or which the Bank, in its sole discretion, deems the creditworthiness or financial condition of the account debtor to be unsatisfactory;
10. accounts receivable with respect to which the goods giving rise to such accounts receivable have not been shipped and billed to the account debtor, the services giving rise to such accounts receivable have not been performed and accepted by the account debtor, or the accounts receivable otherwise does not represent a final sale, and, in each case, no progress payments are due from the account debtor in respect of such accounts receivable;
11. accounts receivable with respect to which Borrower has designated as "unapplied credits" (i.e. payments received but not yet applied to a specific account receivable);
12. accounts receivable which arise from the sale of goods which remain in the Borrower's possession or under the Borrower's control (except to the extent progress payments are required under the terms of the applicable contract);
13. accounts receivable which are evidenced by a promissory note or chattel paper;
14. accounts receivable with respect to which the account debtor is located in States where the Borrower is prohibited from bringing an action to enforce payment of the account debtor's obligation;
15. accounts receivable that represent progress payments or other advance billings that are due prior to the completion of performance by the Borrower of the subject contract for goods or services with respect to which the Borrower failed to issue an original invoice applicable thereto (except to the extent progress payments are required under the terms of the applicable contract);
16. accounts receivable with respect to which the Bank does not have a valid and first priority, perfected lien or which are not free of all liens or other claims (other than Permitted Liens) but excluding accounts receivable with respect to which the account debtor is either (i) the United States or any department, agency, or instrumentality of the United States, or (ii) any State of the United States, which accounts receivable described in the foregoing subclauses (i) and (ii) shall not be deemed ineligible pursuant to this clause 16;
17. accounts receivable with respect to which the terms and conditions thereof prohibit or restrict assignment or collection rights;
18. retainages, holdbacks or finance charges with respect to any accounts receivable; or
19. contra accounts receivable.

L. "Eligible Raw Materials Inventory" or "Eligible WIP and Finished Goods Inventory" means, at any time, all of the Borrower's raw materials inventory or work-in-process and finished goods inventory, as the case may be, except:

1. inventory which is not owned by Borrower free and clear of all security interests, liens, encumbrances, and claims (other than Permitted Liens) of third parties;
2. inventory which the Bank, in its sole discretion, deems to be obsolete, unsalable, unmerchantable, damaged, defective, or unfit for further processing;
3. inventory not owned by the Borrower (including any inventory consigned to the Borrower) or with respect to which the Bank does not have a valid, perfected first priority security interest;
4. inventory that is located outside of the United States of America or is in transit; or
5. inventory that is on consignment.

M. "Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

N. "Equity Owner" means a shareholder, partner, member, holder of a beneficial interest in a trust or other owner of any Equity Interests.

O. "GAAP" means generally accepted accounting principles in effect from time to time in the United States of America, consistently applied.

P. "Guarantor Subsidiary" means a Subsidiary of Borrower who is subject to the provisions of either Section 4.13 or Section 4.14 hereunder.

Q. “Legal Requirement” means any law, ordinance, decree, requirement, order, judgment, rule, regulation (or interpretation of any of the foregoing) of any foreign governmental authority, the United States of America, any state thereof, any political subdivision of any of the foregoing or any agency, department, commission, board, bureau, court or other tribunal having jurisdiction over the Bank, any Pledgor or any Obligor or any of its Subsidiaries or their respective Properties or any agreement by which any of them is bound.

R. “Liabilities” means all debts, obligations, indebtedness and liabilities of every kind and character of the Borrower, whether individual, joint and several, contingent or otherwise, now or hereafter existing, in favor of the Bank and its Affiliates, including, without limitation, all liabilities, interest, costs and fees, arising under or from any note, open account, overdraft, credit card, lease, Rate Management Transaction, letter of credit application, endorsement, surety agreement, guaranty, acceptance, foreign exchange contract or depository service contract, whether payable to the Bank or to a third party and subsequently acquired by the Bank, any monetary obligations (including interest) incurred or accrued during the pendency of any bankruptcy, insolvency, receivership or other similar proceedings, regardless of whether allowed or allowable in such proceeding, and all renewals, extensions, modifications, consolidations, rearrangements, restatements, replacements or substitutions of any of the foregoing.

S. “Lien” means any mortgage, deed of trust, pledge, charge, encumbrance, security interest, collateral assignment or other lien or similar restriction of any kind.

T. “Loan Value” means the value assigned by the Bank from time to time, in its sole reasonable discretion, to each item of the Pledged Investments. The initial Loan Value of the Pledged Investments is listed on Schedule 1.

U. “Notes” means all promissory notes, instruments and/or contracts now or hereafter evidencing the Credit Facilities.

V. “Obligor” means any Borrower, guarantor, surety, co-signer, endorser, general partner or other Person who may now or in the future be obligated to pay any of the Liabilities.

W. “Organizational Documents” means, with respect to any Person, certificates of existence or formation, documents establishing or governing the Person or evidencing or certifying that the Person is duly organized and validly existing in accordance with all applicable Legal Requirements, including all amendments, restatements, supplements or modifications to such certificates and documents as of the date of the Related Document referring to the Organizational Document and any and all future modifications thereto approved by the Bank.

X. “Permitted Investments” means (a) readily marketable direct obligations of the United States of America or any agency thereof with maturities of one year or less from the date of acquisition; (b) fully insured (if issued by a bank other than the Bank) certificates of deposit with maturities of one year or less from the date of acquisition issued by any commercial bank operating in the United States of America having capital and surplus in excess of \$500,000,000.00; (c) commercial paper of a domestic issuer if at the time of purchase such paper is rated in one of the two highest rating categories of Standard and Poor’s Corporation or Moody’s Investors Service; (d) the Pledged Investments; (e) the Permitted Acquisitions; (f) intercompany loans and accounts in the ordinary course of business among Borrower and the Guarantor Subsidiaries; and (g) the Unrestricted Investments.

Y. “Person” means any individual, corporation, partnership, limited liability company, joint venture, joint stock association, association, bank, business trust, trust, unincorporated organization, any foreign governmental authority, the United States of America, any state of the United States and any political subdivision of any of the foregoing or any other form of entity.

Z. “Pledged Investments” means all of the Borrower’s “Investment Property” of every type and description, described in the Control Agreement of even date herewith among the Borrower, J.P. Morgan Securities LLC, and the Bank, and on the customer statement, if any, attached to the Control Agreement which shall include without limitation, all of the Borrower’s “Securities Accounts”, “Securities Entitlements”, “Securities”, “Investment Property” and “Financial Assets” (such terms being used herein are defined in the Uniform Commercial Code of New York (“UCC”)) and which may now or hereafter be maintained, held in or credited in any of the accounts with the account numbers described in the Control Agreement (including any subaccounts and any successor account(s) and/or subaccount(s), howsoever numbered), all substitutions, additions, renewals, investments, reinvestments, free credit balances, cash proceeds, general intangibles, insurance, products and supporting obligations including but not limited to all interest, dividends, other proceeds, instruments and other property now or hereafter received, receivable or otherwise distributed in connection with the sale, lease, license, exchange or other disposition of any Pledged Investments. The Borrower’s performance of its obligations under the Credit Facilities is secured by a pledge of the Pledged Investments as collateral pursuant to a Continuing Pledge Agreement of even date herewith by the Borrower in favor of the Bank. The Bank retains the right to determine the eligibility of the Pledged Investments.

AA. “Pledgor” means any Person providing Collateral.

BB. “Property” means any interest in any kind of property or asset, whether real, personal or mixed, tangible or intangible.

CC. “Rate Management Transaction” means (1) any transaction (including an agreement with respect thereto) which is a rate swap, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap, floor, collar, currency swap, cross-currency rate swap, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including an option with respect to any of these transactions), or (2) any type of transaction that is similar to any transaction referred to in clause (1) above that is currently, or in the future becomes, recurrently entered into in the financial markets and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, or any combination of the foregoing transactions.

DD. “Related Documents” means this agreement, the Notes, applications for letters of credit, all loan agreements, credit agreements, reimbursement agreements, security agreements, mortgages, deeds of trust, pledge agreements, assignments, guaranties, and any other instrument or document executed in connection with this agreement or with any of the Liabilities.

EE. “Subsidiary” means, as to any particular Person (the “parent”), a Person the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of the date of determination, as well as any other Person of which fifty percent (50%) or more of the Equity Interests is at the time of determination directly or indirectly owned, Controlled or held, by the parent or by any Person or Persons Controlled by the parent, either alone or together with the parent.

FF. “Thales Alenia Receivable” means any and all account receivables due from Thales Alenia Space, a subsidiary of the Thales Group, excluding, however, accounts receivable (1) which are more than 120 days from the invoice date; (2) with respect to which goods are placed on consignment, guaranteed sale, sale or return, sale on approval, bill and hold, or other terms by reason of which the payment by Thales Alenia Space may be conditional; (3) with respect to which Thales Alenia Space has or has asserted a right of setoff, has disputed its liability, or has made any claim with respect to the accounts receivable; (4) with respect to which the goods giving rise to such accounts receivable have not been shipped and billed to Thales Alenia Space, the services giving rise to such accounts receivable have not been performed and accepted by Thales Alenia Space, or the accounts receivable otherwise does not represent a final sale, and, in each case, no progress payments are due from the account debtor; (5) which arise from the sale of goods which remain in the Borrower’s possession or under the Borrower’s control; (6) which are evidenced by a promissory note or chattel paper; (7) which represent progress payments or other advance billings that are due prior to the completion of performance by the Borrower of the subject contract for goods or services with respect to which the Borrower failed to issue an original invoice applicable thereto; (8) which are retainages, holdbacks or finance charges with respect to any accounts receivable or (9) which are contra accounts receivable.

GG. “Unrestricted Investments” means all of the Borrower’s “Investment Property” of every type and description other than Pledged Investments which shall include without limitation, all of the Borrower’s “Securities Accounts”, “Securities Entitlements”, “Securities”, “Investment Property” and “Financial Assets” (such terms being used herein are defined in the UCC) and which may now or hereafter be maintained, held in or credited in any account maintained in financial institutions other than the Bank or its Affiliates, all substitutions, additions, renewals, investments, reinvestments, free credit balances, cash proceeds, general intangibles, insurance, products and supporting obligations including but not limited to all interest, dividends, other proceeds, instruments and other property now or hereafter received, receivable or otherwise distributed in connection with the sale, lease, license, exchange or other disposition of any Unrestricted Investments.

2.2 Interpretations. Whenever possible, each provision of the Related Documents shall be interpreted in such manner as to be effective and valid under applicable Legal Requirements. If any provision of this agreement cannot be enforced, the remaining portions of this agreement shall continue in effect. In the event of any conflict or inconsistency between this agreement and the provisions of any other Related Documents, the provisions of this agreement shall control. Use of the term “including” does not imply any limitation on (but may expand) the antecedent reference. Any reference to a particular document includes all modifications, supplements, replacements, renewals or extensions of that document, but this rule of construction does not authorize amendment of any document without the Bank’s consent. Section headings are for convenience of reference only and do not affect the interpretation of this agreement. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP. Whenever the Bank’s determination, consent, approval or satisfaction is required under this agreement or the other Related Documents or whenever the Bank may at its option take or refrain from taking any action under this agreement or the other Related Documents, the decision as to whether or not the Bank makes the determination, consents, approves, is satisfied or takes or refrains from taking any action, shall be in the sole and exclusive discretion of the Bank, and the Bank’s decision shall be final and conclusive.

3. Conditions Precedent to Extensions of Credit.

3.1 Conditions Precedent to Initial Extension of Credit under each of the Credit Facilities. Before the first extension of credit governed by this agreement and any initial advance under any of the Credit Facilities, whether by disbursement of a loan, issuance of a letter of credit, or otherwise, the Borrower shall deliver to the Bank, in form and substance satisfactory to the Bank:

A. Loan Documents. The Notes, and as applicable, the security agreements, the pledge agreements, financing statements, the guaranties, and any other documents which the Bank may reasonably require to give effect to the transactions described in this agreement or the other Related Documents;

B. Organizational and Authorizing Documents. The Organizational Documents and Authorizing Documents of the Borrower and any other Persons (other than the Bank or any Affiliate thereof) executing the Related Documents in form and substance reasonably satisfactory to the Bank that at a minimum: (1) document the due organization, valid existence and good standing of the Borrower and every other Person (other than the Bank or any Affiliate thereof) that is a party to this agreement or any other Related Document; (2) evidence that each Person (other than the Bank or any Affiliate thereof) which is a party to this agreement or any other Related Document has the power and authority to enter into the transactions described therein; and (3) evidence that the Person signing on behalf of each Person that is a party to the Related Documents (other than the Bank or any Affiliate thereof) is duly authorized to do so; and

C. Liens. The termination, assignment or subordination, as determined by the Bank, of all Liens (other than Permitted Liens) on the Collateral in favor of any secured party (other than the Bank).

3.2 Conditions Precedent to Each Extension of Credit. Before any extension of credit governed by this agreement, whether by disbursement of a loan, issuance of a letter of credit or otherwise, the following conditions must be satisfied:

A. Representations. The representations of the Borrower and any other parties, other than the Bank, in the Related Documents are true in all material respects on and as of the date of the request for and funding of the extension of credit, except to the extent that such representation specifically refers to an earlier date, in which case they shall be true in all material respects as of such earlier date;

B. No Event of Default. No Event of Default or event that would constitute an Event of Default but for the giving of notice, the lapse of time (including but not limited to the running of a cure period) or both, has occurred in any provision of this agreement, the Notes or any other Related Documents and is continuing or would result from the extension of credit; and

C. No Prohibition or Onerous Conditions. The making of the extension of credit is not prohibited by and does not subject the Bank, any Obligor, or any Subsidiary of the Borrower to any penalty or onerous condition under, any Legal Requirement.

4. **Affirmative Covenants.** The Borrower agrees to do, and cause each of its Subsidiaries to do, each of the following:

- 4.1 Insurance.** Maintain insurance with financially sound and reputable insurers, with such insurance and insurers to be reasonably satisfactory to the Bank, covering its Property and business against those casualties and contingencies and in the types and amounts as are in accordance with sound business and industry practices, and furnish to the Bank, upon reasonable request of the Bank, reports on each existing insurance policy showing such information as the Bank may reasonably request.
- 4.2 Existence.** Maintain its existence and business operations as presently in effect in accordance with all applicable Legal Requirements, pay its debts and obligations when due under normal terms except to the extent any failure to pay would not constitute an Event of Default, and pay on or before their due date, all taxes, assessments, fees and other governmental monetary obligations, except as they may be contested in good faith if they have been properly reflected on its books and, at the Bank's request, adequate funds or security has been pledged or reserved to insure payment.
- 4.3 Financial Records.** Maintain proper books and records of account, in accordance with GAAP, and consistent with financial statements previously submitted to the Bank.
- 4.4 Inspection.** Permit the Bank, its agents and designees to: (A) inspect and photograph its Property, to examine and copy files, books and records, and to discuss its business, operations, prospects, assets, affairs and financial condition with the Borrower's or its Subsidiaries' officers and accountants, at times and intervals as the Bank reasonably determines; (B) perform audits or other inspections of the Collateral, including the records and documents related to the Collateral; and (C) confirm with any Person any obligations and liabilities of the Person to the Borrower or its Subsidiaries. The Borrower will, and will cause its Subsidiaries to cooperate with any inspection or audit. The Borrower will pay (subject to the last sentence of this Section 4.4) the Bank the reasonable costs and expenses of any audit or inspection of the Borrower's books and records, and of the Collateral (including fees and expenses charged internally by the Bank for asset reviews) promptly after receiving the invoice. The Borrower hereby agrees to an inspection and audit, at its own expense, at any time the unpaid principal amount under Tranche B are in excess of \$2,000,000.00 for greater than twelve (12) months; provided that so long as no Event of Default has occurred and is continuing, such inspection and audit shall be limited to once per fiscal year.
- 4.5 Financial Reports.** Furnish to the Bank (A) audited annual 10K financial statements within 120 days from the Borrower's fiscal year end, (B) management prepared 10Q financial statements within sixty (60) days of the Borrower's fiscal quarter end, (C) at any time there are amounts outstanding in respect of Tranche B, (1) a Borrowing Base Certificate within twenty (20) days from each month end, (2) an accounts receivable aging report within twenty (20) days from each month end, and (3) an inventory summary reports within twenty (20) days from each month end, (D) a contracts summary report within twenty (20) days from each month end, and (E) whatever other information, statements, books and records the Bank may from time to time reasonably request.

4.6 Financial Covenants. Comply with the following covenants and ratios:

A. Funded Debt/EBITDA Ratio. Maintain, as of each fiscal quarter end, a Funded Debt to EBITDA Ratio of not greater than 3.0 to 1.0. For purposes of this Section 4.6(A), "**Funded Debt**" means aggregate unpaid principal amount owed under the Credit Facilities plus all other debt owed to financing institutions (including but not limited to capital leases), and "**EBITDA**" means earnings before interest, taxes, depreciation and amortization, determined on a consolidated basis in accordance with GAAP, for the four fiscal quarter period then ended.

B. Interest Charge Coverage Ratio. Maintain, as of each fiscal quarter end, an Interest Charge Coverage Ratio of not less than 5.0 to 1.0. For purposes of this Section 4.6(B), "**Interest Charge Coverage Ratio**" is defined as Available Cash divided by Total Debt Service, "**Available Cash**" means EBITDA (as defined in Section 4.6(A)) less capital expenditures less cash taxes less Restricted Payments (as defined below), and "**Total Debt Service**" means the aggregate interest expense paid on Funded Debt (as defined in Section 4.6(A)) for such determination period; provided however that the covenant under this Section 4.6(B) shall apply only at such time as there are amounts outstanding under Tranche B.

- 4.7 Notices of Claims, Litigation, Defaults, etc.** Promptly inform the Bank in writing of: (A) all existing and, to the knowledge of the Borrower, all threatened litigation, claims, investigations, administrative proceedings and similar actions or changes in Legal Requirements affecting it which could materially affect its business, assets, affairs, prospects or financial condition; (B) the occurrence of any event which gives rise to the Bank's option to terminate the Credit Facilities; (C) the institution of steps by it to withdraw from, or the institution of any steps to terminate, any employee benefit plan as to which it may have liability; (D) any reportable event or any prohibited transaction in connection with any employee benefit plan; (E) any additions to or changes in the locations of its businesses; and (6) any alleged breach by the Bank of any provision of this agreement or of any other Related Document.
- 4.8 Other Agreements.** Comply in all material respects with all terms and conditions of all other material agreements, whether now or hereafter existing, between it and any other Person.
- 4.9 Title to Assets and Property.** Maintain good and marketable title to all of its material Properties, and defend them against all claims and demands of all Persons at any time claiming any interest in them (except Permitted Liens).
- 4.10 Additional Assurances.** Promptly make, execute and deliver any and all agreements, documents, instruments and other records that the Bank may reasonably request to evidence any of the Credit Facilities, cure any defect in the execution and delivery of any of the Related Documents, perfect any Lien, comply with any Legal Requirement applicable to the Bank or the Credit Facilities or describe more fully particular aspects of the agreements set forth in any of the Related Documents.
- 4.11 Employee Benefit Plans.** Maintain each employee benefit plan as to which it may have any liability, in compliance with all Legal Requirements.
- 4.12 Banking Relationship.** Establish and maintain its primary banking depository and disbursement relationship with the Bank.
- 4.13 Domestic Obligor.** Require each Subsidiary, other than an Inactive Subsidiary, organized under the laws of the United States or any State thereof, now or hereafter existing (each a "**Domestic Obligor**"), to (a) guarantee, jointly and severally, the performance of the Borrower's obligations for any and all Liabilities (the "**Guarantee**"), (b) provide to the Bank a continuing security interest in all of its property whether owned individually or jointly with others, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located to secure the payment and performance by such Domestic Obligor of its obligations under the Guarantee, and (c) execute any and all documents necessary to effectuate the provisions of this Section 4.13. For purposes of this agreement, an "**Inactive Subsidiary**" is a Subsidiary of Borrower who (a) has ceased to do business as of the beginning of the fiscal year expiring immediately prior to the date of determination, and (b) does not own assets with a fair market value in excess of \$50,000.00, in the aggregate, as of the date of determination.
- 4.14 Pledge of Shares of Stock of Foreign Obligor.** Deliver to the Bank sixty-six and $\frac{2}{3}$ percent ($66\frac{2}{3}\%$) of the total outstanding and issued shares of common stock, on a fully converted basis, of any first tier Subsidiary of the Borrower, now or hereafter existing, that is not a Domestic Obligor (each, a "**Foreign Obligor**") whose Operating Profit plus the Operating Profit of all its Subsidiaries, as of any determination period, constitutes at least ten percent (10%) of the Borrower's consolidated Operating Profit, as of such determination period. Borrower hereby agrees, and shall cause each Foreign Obligor, to execute any and all documents necessary to effectuate the provision of this Section 4.14. For purposes of this Section 4.14, the term "**Operating Profit**" means an amount equal to (a) total revenues, less (b) total cost of revenues, less (c) total selling and administrative expenses, less (d) total research and development expenses, as set forth in Borrower's 10Q and 10K financial statements, as the case may be.
- 4.15 Authorization for Direct Payments (ACH Debits).** Authorize the Bank to effect any payment due under the Credit Facilities through debit entries to Account Number 202659306 maintained by the Borrower at the Bank (or such other account numbers maintained by the Borrower with the Bank as agreed to by the Bank) and to maintain such authorization, in full force and effect, until the Liabilities have been paid in full.
- 4.16 Compliance Certificate.** Execute and deliver to the Bank the compliance certificate attached hereto as **Exhibit C** no later than twenty (20) days after the end of each fiscal quarter.
- 4.17 Additional Approvals, Opinions, and Documents.** Upon the Bank's request, deliver to the Bank any other approvals, opinions and documents as the Bank may reasonably request.
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5. Negative Covenants.

5.1 Unless otherwise noted, the financial requirements set forth in this section will be computed in accordance with GAAP applied on a basis consistent with financial statements previously submitted by the Borrower to the Bank.

5.2 Without the written consent of the Bank, the Borrower will not and no Subsidiary of the Borrower will:

A. Distributions. Redeem, retire, purchase or otherwise acquire, directly or indirectly, any of its Equity Interests, return any contribution to an Equity Owner or, other than stock dividends and dividends paid to the Borrower, declare or pay any Distributions; provided, however, that if there is no existing default under this agreement or any other Related Document and to do so will not cause a default under any of such agreements, then the Borrower may (i) pay Distributions to its Equity Owners and (ii) repurchase its Equity Interests; provided further that if there are amounts outstanding under Tranche B six (6) months prior or six (6) months after the date of such Distribution and/or repurchase of Equity Interests, then (x) such Distributions shall not exceed fifty percent (50%) of Borrower's net income for the immediately preceding fiscal year, as determined in accordance with GAAP (the "**Restricted Payments**"), and (y) such repurchase shall not exceed \$1,000,000.00, in the aggregate, of Borrower's Equity Interests for the period beginning May 1, 2012 and ending on the date of such repurchase; provided further, that (A) Borrower or any Guarantor Subsidiary may purchase, directly or indirectly, any Equity Interests of any Subsidiary of Borrower, or (B) any Subsidiary of Borrower may declare or pay any Distributions to Borrower or any Guarantor Subsidiary.

B. Sale of Equity Interests. Issue, sell or otherwise dispose of any Equity Interests of any Subsidiary; provided, however, that (1) any Subsidiary of the Borrower may issue Equity Interests to Borrower or any Guarantor Subsidiary and (2) Borrower may sell or otherwise dispose of the Equity Interests of any Subsidiary that is not a Guarantor Subsidiary so long as such sale or disposition is for fair market value.

C. Debt. Incur, contract for, assume, or permit to remain outstanding, indebtedness for borrowed money, installment obligations, or obligations under capital leases or operating leases, other than (1) unsecured trade debt incurred in the ordinary course of business, (2) indebtedness owing to the Bank, (3) indebtedness reflected in its latest financial statement furnished to the Bank prior to execution of this agreement and that is not to be paid with proceeds of borrowings under the Credit Facilities, (4) indebtedness outstanding as of the date hereof that has been disclosed to the Bank in writing and that is not to be paid with proceeds of borrowings under the Credit Facilities, (5) indebtedness of the Borrower or any Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease Obligations, and any indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such indebtedness that do not increase the outstanding principal amount thereof; provided that (i) such indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement and (ii) the aggregate principal amount of indebtedness permitted by this clause (5) shall not exceed \$1,000,000 at any time outstanding, and (6) other unsecured indebtedness in an aggregate principal amount not exceeding \$2,000,000 at any time outstanding.

D. Guaranties. Guarantee or otherwise become or remain secondarily liable on the undertaking of another, except (a) in favor of the Bank, or (b) for endorsement of drafts for deposit and collection in the ordinary course of business, or (c) on behalf of any Guarantor Subsidiary for any undertaking by such Guarantor Subsidiary that is not otherwise prohibited herein.

E. Liens. Create or permit to exist any Lien on any of its Property except for Permitted Liens. For purposes of this agreement and any of the Related Documents, the term "**Permitted Lien**" means (1) any existing Lien known to and approved by the Bank, (2) Liens in favor of the Bank or any of its Affiliates, (3) Liens incurred in the ordinary course of business securing current non-delinquent or protested liabilities for taxes, worker's compensation, unemployment insurance, social security and pension liabilities, (4) Liens on fixed or capital assets acquired, constructed or improved by the Borrower or any Subsidiary, including Capital Lease Obligations; provided that (i) such security interests secure indebtedness permitted by clause (5) of Section 5.2(C), (ii) such security interests and the indebtedness secured thereby are incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement, (iii) the indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets and (iv) such security interests shall not apply to any other property or assets of the Borrower or any Subsidiary, (6) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested; (7) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business; (8) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Subsidiary; (9) customary Liens (including the right of set-off) in favor of banking institutions encumbering deposits held by such banking institutions or in favor of collecting banks incurred in the ordinary course of business; and (10) judgment liens that do not cause an event of default under Section 7.1(J).

F. Use of Proceeds. Use, or permit any proceeds of the Credit Facilities to be used, directly or indirectly, for: (1) any personal, family or household purpose; or (2) the purpose of “purchasing or carrying any margin stock” within the meaning of Federal Reserve Board Regulation U. At the Bank’s request, it will furnish a completed Federal Reserve Board Form U-1.

G. Continuity of Operations. (1) Engage in any business activities substantially different from those in which it is presently engaged; (2) cease operations, dissolve, liquidate, merge, acquire or consolidate with any other Person, except for (a) any Permitted Acquisition, (b) any merger or consolidation of a Subsidiary of Borrower into (i) a Subsidiary other than a Guarantor Subsidiary, or (ii) a Guarantor Subsidiary, where the Guarantor Subsidiary is the surviving entity, or (c) any merger or consolidation of a Subsidiary of Borrower into Borrower so long as the Borrower is the surviving entity; (3) change its name; provided that the Bank’s consent thereto shall not be unreasonably withheld; (4) lease, sell or otherwise convey any assets out of the ordinary course of business, other than (a) sales of Unrestricted Investments, (b) sales of assets that are substantially worn, damaged, or obsolete, and in each case, the proceeds of such sale are used to purchase replacement assets, (c) sales of Equity Interests permitted by Section 5.2(B), and (d) sales of assets not otherwise permitted under this agreement so long as the aggregate fair market value of all assets sold in reliance on this clause (d) during the term of this agreement shall not exceed \$500,000.00, in the aggregate, and are sold at such assets’ fair market value; (5) lease, purchase or otherwise acquire a material part of the assets of any other Person except in the ordinary course of business or as otherwise permitted herein, (6) enter into any arrangement with any Person providing for the leasing by it of Property which has been sold or transferred by it to such Person; (7) change its business organization or the jurisdiction under which its business organization is formed or organized, (8) change any places of its businesses, provided however, Borrower may change the location of its businesses to other locations in the Continental United States after giving at least four (4) months prior written notice to the Bank; or (9) agree to do any of the foregoing.

H. Limitation on Negative Pledge Clauses. Enter into any agreement with any Person other than the Bank which prohibits or limits its ability to create or permit to exist any Lien (other than Permitted Liens) on any of its Property, whether now owned or hereafter acquired.

I. Conflicting Agreements. Enter into any agreement containing any provision which would be violated or breached by the performance of its obligations under this agreement or any of the other Related Documents.

J. Reserved.

K. Limitation on Loans, Advances to and Investments in Others and Receivables from Others. Purchase, hold or acquire any Equity Interest or evidence of indebtedness of, make or permit to exist any loans or advances to, permit to exist any receivable from, or make or permit to exist any investment or acquire any interest whatsoever in, any Person, except: (1) extensions of trade credit to customers in the ordinary course of business on ordinary terms; (2) Permitted Investments; (3) Permitted Acquisitions; and (4) loans, advances, investments and receivables existing as of the date of this agreement that have been disclosed to and approved by the Bank in writing and that are not to be paid with proceeds of borrowings under the Credit Facilities.

L. Organizational Documents. Alter, amend or modify any of its Organizational Documents where such alteration, amendment or modification may adversely affect the rights of the Bank under this agreement or any of the Related Documents, or to the Collateral. Borrower shall provide thirty (30) days’ prior written notice to the Bank of any alteration, amendment or modification to the Organizational Documents of Borrower or its Subsidiaries not otherwise prohibited by this Section 5.2(L) made by Borrower or its Subsidiaries.

M. Government Regulation. (1) Be or become subject at any time to any Legal Requirement or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits the Bank from making any advance or extension of credit to it or from otherwise conducting business with it, or (2) fail to provide documentary and other evidence of its identity as may be requested by the Bank at any time to enable the Bank to verify its identity or to comply with any applicable Legal Requirement, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

N. Acquisitions. Acquire any business (each, an “**Acquisition**”), whether through a reorganization, merger, consolidation, combination, the purchase of all or substantially all of the assets of any entity or otherwise, other than a Permitted Acquisition. For purposes of this agreement, “**Permitted Acquisition**” means the purchase or acquisition (whether in one or a series of related transactions) by the Borrower of (a) more than 50% of the Equity Interests with ordinary voting power of another Person or (b) all or substantially all of the Property (other than Equity Interests) of another Person or division or line of business or business unit of another Person, whether or not involving a merger or consolidation with such Person; provided that (i) at the time thereof and after giving effect thereto, no event of default shall have occurred and be continuing or would result from such acquisition or purchase, (ii) the acquired Person is organized under the laws of the United States or any State thereof, (iii) if there are amounts outstanding under Tranche B six (6) months prior or six (6) months after the date of such Acquisition, use more than (x) \$7,500,000.00, in one transaction or a series of related transactions, of amounts advanced hereunder in such Acquisition, or (y) \$15,000,000.00, in the aggregate, of amounts advanced hereunder for all Acquisitions made during the term of this agreement, (iv) the primary business of the acquired Person is in the same general line of business as the Borrower, and (v) such Acquisition is accomplished by coming to an agreement with the acquired Person’s management, and not by going directly to the acquired Person’s shareholders or fighting to replace the acquired Person’s management in order to get the Acquisition approved. Borrower shall provide prior written notice to the Bank of any Acquisition not otherwise prohibited by this Section 5.2(N) made by Borrower or its Subsidiaries.

6. Representations.

6.1 Representations and Warranties by the Borrower. To induce the Bank to enter into this agreement and to extend credit or other financial accommodations under the Credit Facilities, the Borrower represents and warrants as of the date of this agreement and as of the date of each request for credit under the Credit Facilities that each of the following statements is and shall remain true and correct in all material respects throughout the term of this agreement, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, and until all Credit Facilities and all Liabilities under the Notes and other Related Documents are paid in full: (a) its principal residence or chief executive office is at the address shown above or such other address as specified in writing by Borrower to Bank, (b) its name as it appears in this agreement is its exact name as it appears in its Organizational Documents or as otherwise specified in writing by Borrower to Bank, (c) the execution and delivery of this agreement and the other Related Documents to which it is a party, and the performance of the obligations they impose, do not violate any Legal Requirement, conflict with any agreement by which it is bound, or require the consent or approval of any other Person, (d) this agreement and the other Related Documents have been duly authorized, executed and delivered by all parties thereto (other than the Bank) and are valid and binding agreements of those Persons, enforceable according to their terms, except as may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally and by general principles of equity, (e) all balance sheets, profit and loss statements, and other financial statements and other information furnished to the Bank in connection with the Liabilities are accurate and fairly reflect the financial condition of the Persons to which they apply on their effective dates, including contingent liabilities of every type, which financial condition has not changed materially and adversely since those dates, (f) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) is pending or, to the knowledge of the Borrower, threatened against it, and no other event has occurred which may in any one case or in the aggregate, materially adversely affect it or any of its Subsidiaries’ financial condition, properties, business, affairs or operations, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by the Bank in writing, (g) all of its tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges due and owing have been paid in full, except those presently being contested by it in good faith and for which adequate reserves have been provided, (h) it is not an “investment company” or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended, (i) it is not a “holding company”, or a “subsidiary company” of a “holding company” or an “affiliate” of a “holding company” or of a “subsidiary company” of a “holding company” within the meaning of the Public Utility Holding Company Act of 1935, as amended, (j) there are no defenses or counterclaims, offsets or adverse claims, demands or actions of any kind, personal or otherwise, that it could assert with respect to this agreement or the Credit Facilities, (k) it owns, or is licensed to use, all trademarks, trade names, copyrights, technology, know-how and processes reasonably necessary for the conduct of its business as currently conducted, and (l) the execution and delivery of this agreement and the other Related Documents to which it is a party and the performance of the obligations they impose, if the Borrower is other than a natural Person (i) are within its powers, (ii) have been duly authorized by all necessary action of its governing body, and (iii) do not contravene the terms of its Organizational Documents or other agreement or document governing its affairs.

7. **Default/Remedies.**

7.1 Events of Default/Acceleration. If any of the following events occurs, the Notes shall become due immediately, without notice, at the Bank's option:

- A.** Any Obligor fails to pay when due any principal, interest, fees, or other amounts due under any Note.
 - B.** Any Obligor fails to pay when due any other Liabilities owed by Borrower to the Bank under this agreement or any other Related Document, in each case within the applicable cure period, if any.
 - C.** Any Obligor or any Pledgor: (i) fails to observe or perform or otherwise violates or defaults on any other term, covenant, condition or agreement of any of the Related Documents or under any agreement, now or hereafter in effect, with the Bank, its Affiliate, or their respective successors and assigns, and such failure, violation or default shall continue unremedied for a period of ten (10) or more days; (ii) makes any materially incorrect or misleading representation, warranty, or certificate to the Bank; (iii) makes any materially incorrect or misleading representation in any financial statement or other information delivered to the Bank; or (iv) defaults under the terms of any agreement or instrument relating to any debt for borrowed money (other than the debt evidenced by the Related Documents) in excess of \$500,000.00.
 - D.** In the event any Obligor terminates or revokes or purports to terminate or revoke its guaranty or any Obligor's guaranty becomes unenforceable in whole or in part.
 - E.** There is any loss, theft, damage, or destruction of any Inventory not covered by insurance in excess of \$500,000.00 (including any applicable out-of-pocket deductibles) in the aggregate during the term of this agreement.
 - F.** Any event occurs that would permit the Pension Benefit Guaranty Corporation to terminate any employee benefit plan of any Obligor or any Subsidiary of any Obligor.
 - G.** Any Obligor or any of its Subsidiaries or any Pledgor: (i) becomes insolvent or unable to pay its debts as they become due; (ii) makes an assignment for the benefit of creditors; (iii) consents to the appointment of a custodian, receiver, or trustee for itself or for a substantial part of its Property; (iv) voluntarily commences any proceeding under any bankruptcy, reorganization, liquidation, insolvency or similar laws; (v) conceals or removes any of its Property, with intent to hinder, delay or defraud any of its creditors; (vi) makes or permits a transfer of any of its Property, which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or (vii) makes a transfer of any of its Property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid.
 - H.** A custodian, receiver, or trustee is appointed for any Obligor or any of its Subsidiaries or any Pledgor or for a substantial part of their respective Property.
 - I.** Proceedings are commenced under any bankruptcy, reorganization, liquidation, or similar laws against any Obligor or any of its Subsidiaries or any Pledgor and remain undismissed for sixty (60) days after commencement; or any Obligor or any of its Subsidiaries or any Pledgor consents to the commencement of those proceedings.
 - J.** Any judgment for the payment of money in an amount in excess of \$500,000.00, individually or in the aggregate, (exclusive of amounts covered by insurance) is entered against any Obligor or any of its Subsidiaries, or any attachment, seizure, sequestration, levy, or garnishment is issued against any Property of any Obligor or any of its Subsidiaries or of any Pledgor or any Collateral, and such condition continues sixty (60) days or more (or if stayed pursuant to any order or agreement, then sixty (60) days or more following the expiration of such stay).
 - K.** Any individual Obligor or Pledgor dies, or a guardian or conservator is appointed for any individual Obligor or Pledgor or all or any portion of their respective Property, or the Collateral.
-

L. Any material adverse change occurs in: (i) the reputation, Property, financial condition, business, assets, affairs, prospects, liabilities, or operations of any Obligor or any of its Subsidiaries; (ii) any Obligor's or Pledgor's ability to perform its obligations under the Related Documents; or (iii) the Collateral.

7.2 **Remedies.** Upon an Event of Default and at any time during the continuance of an Event of Default, the Bank may do one or more of the following: (a) cease permitting the Borrower to incur any Liabilities; (b) terminate any commitment of the Bank evidenced by any of the Notes; (c) declare any of the Notes to be immediately due and payable, without notice of acceleration, presentment and demand or protest or notice of any kind, all of which are hereby expressly waived; (d) exercise all rights of setoff that the Bank may have contractually, by law, in equity or otherwise; and (e) exercise any and all other rights pursuant to any of the Related Documents, at law, in equity or otherwise.

A. **Generally.** The rights of the Bank under this agreement and the other Related Documents are in addition to other rights (including without limitation, other rights of setoff) the Bank may have contractually, by law, in equity or otherwise, all of which are cumulative and hereby retained by the Bank. Each Obligor agrees to stand still with regard to the Bank's enforcement of its rights, including taking no action to delay, impede or otherwise interfere with the Bank's rights to realize on any Collateral.

B. **Expenses.** To the extent not prohibited by applicable Legal Requirements and whether or not the transactions contemplated by this agreement are consummated, the Borrower is liable to the Bank and agrees to pay on demand all reasonable costs and expenses of every kind incurred (or charged by internal allocation) in connection with the negotiation, preparation, execution, filing, recording, modification, supplementing and waiver of the Related Documents, the making, servicing and collection of the Credit Facilities and the realization on any Collateral and any other amounts owed under the Related Documents, including without limitation reasonable attorneys' fees (including counsel for the Bank that are employees of the Bank or its Affiliates) and court costs. These costs and expenses include without limitation any costs or expenses incurred by the Bank in any bankruptcy, reorganization, insolvency or other similar proceeding involving any Obligor, Pledgor, or Property of any Obligor, Pledgor, or Collateral. The obligations of the Borrower under this section shall survive the termination of this agreement.

C. **Bank's Right of Setoff.** The Borrower grants to the Bank a security interest in the Deposits, and the Bank is authorized to setoff and apply, all Deposits, Securities and Other Property, and Bank Debt against any and all Liabilities. This right of setoff may be exercised at any time from time to time after the occurrence of any default, without prior notice to or demand on the Borrower and regardless of whether any Liabilities are contingent, unmaturing or unliquidated. In this paragraph: (a) the term "**Deposits**" means any and all accounts and deposits of the Borrower (whether general, special, time, demand, provisional or final) at any time held by the Bank (including all Deposits held jointly with another, but excluding any IRA or Keogh Deposits, or any trust Deposits in which a security interest would be prohibited by any Legal Requirement); (b) the term "**Securities and Other Property**" means any and all securities and other personal Property of the Borrower in the custody, possession or control of the Bank, JPMorgan Chase & Co. or their respective Subsidiaries and Affiliates (other than Property held by the Bank in a fiduciary capacity); and (c) the term "**Bank Debt**" means all indebtedness at any time owing by the Bank, to or for the credit or account of the Borrower and any claim of the Borrower (whether individual, joint and several or otherwise) against the Bank now or hereafter existing.

8. Miscellaneous.

8.1 **Notice.** Any notices and demands under or related to this agreement shall be in writing and delivered to the intended party (a) at its mailing address stated in this agreement, and if to the Bank, at its main office if no other address of the Bank is specified in this agreement, by one of the following means: (1) by hand; (2) by a nationally recognized overnight courier service; or (3) by certified mail, postage prepaid, with return receipt requested or (b) by electronic communication at its email address or facsimile number stated in this agreement. Notice delivered pursuant to clause (a) of this Section 8.1 shall be deemed given: (x) upon receipt if delivered by hand; (y) on the Delivery Day after the day of deposit with a nationally recognized courier service; or (z) on the third Delivery Day after the notice is deposited in the mail. Notice delivered pursuant to clause (b) of this Section 8.1 shall be deemed given when sent (except that, if not sent during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Delivery Day). "**Delivery Day**" means a day other than a Saturday, a Sunday or any other day on which national banking associations are authorized to be closed. Any party may change its address for purposes of the receipt of notices and demands by giving notice of the change in the manner provided in this provision.

- 8.2 No Waiver.** No delay on the part of the Bank in the exercise of any right or remedy waives that right or remedy. No single or partial exercise by the Bank of any right or remedy precludes any other future exercise of it or the exercise of any other right or remedy. The making of an advance during the existence of any default or subsequent to the occurrence of a default or when all conditions precedent have not been met shall not constitute a waiver of the default or condition precedent. No waiver or indulgence by the Bank of any default is effective unless it is in writing and signed by the Bank, nor shall a waiver on one occasion bar or waive that right on any future occasion.
- 8.3 Integration; Severability.** This agreement, the Notes, and the other Related Documents embody the entire agreement and understanding between the Borrower and the Bank and supersede all prior agreements and understandings relating to their subject matter. If any one or more of the obligations of the Borrower under this agreement, the Notes, or the other Related Documents or any provision thereof is held to be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Borrower and the remaining provisions shall not in any way be affected or impaired; and the invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of such obligations or provisions in any other jurisdiction.
- 8.4 Joint and Several Liability.** Each party executing this agreement as the Borrower is individually, jointly and severally liable under this agreement.
- 8.5 Governing Law and Venue.** This agreement shall be governed by and construed in accordance with the laws of the State of New York (without giving effect to its laws of conflicts). The Borrower agrees that any legal action or proceeding with respect to any of its obligations under this agreement may be brought by the Bank in any state or federal court located in the State of New York, as the Bank in its sole discretion may elect. By the execution and delivery of this agreement, the Borrower submits to and accepts, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of those courts. The Borrower waives any claim that the State of New York is not a convenient forum or the proper venue for any such suit, action or proceeding.
- 8.6 Survival of Representations and Warranties.** The Borrower understands and agrees that in extending the Credit Facilities, the Bank is relying on all representations, warranties, and covenants made by the Borrower in this agreement or in any certificate or other instrument delivered by the Borrower to the Bank under this agreement or in any of the other Related Documents. The Borrower further agrees that regardless of any investigation made by the Bank, all such representations, warranties and covenants will survive the making of the Credit Facilities and delivery to the Bank of this agreement, shall be continuing in nature, and shall remain in full force and effect until such time as the Liabilities shall be paid in full.
- 8.7 Non-Liability of the Bank.** The relationship between the Borrower on one hand and the Bank on the other hand shall be solely that of borrower and lender. The Bank shall have no fiduciary responsibilities to the Borrower. The Bank undertakes no responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations.
- 8.8 Indemnification of the Bank.** The Borrower agrees to indemnify, defend and hold the Bank, its parent companies, Subsidiaries, Affiliates, their respective successors and assigns and each of their respective shareholders, directors, officers, employees and agents (collectively, the "Indemnified Persons") harmless from any and against any and all loss, liability, obligation, damage, penalty, judgment, claim, deficiency, expense, interest, penalties, reasonable attorneys' fees (including the reasonable fees and expenses of any attorneys engaged by the Indemnified Person at the Indemnified Person's reasonable discretion) and amounts paid in settlement ("Claims") to which any Indemnified Person may become subject arising out of or relating to the Credit Facilities, the Liabilities under this agreement or any other Related Documents or the Collateral, except to the limited extent that the Claims are proximately caused by the Indemnified Person's gross negligence or willful misconduct. The indemnification provided for in this paragraph shall survive the termination of this agreement and shall not be affected by the presence, absence or amount of or the payment or nonpayment of any claim under, any insurance.
- 8.9 Counterparts.** This agreement may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts, taken together, shall constitute one and the same agreement.
- 8.10 Advice of Counsel.** The Borrower acknowledges that it has been advised by counsel, or had the opportunity to be advised by counsel, in the negotiation, execution and delivery of this agreement and any other Related Documents.
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- 8.11 Recovery of Additional Costs.** If the imposition of or any change in any Legal Requirement, or the interpretation or application of any thereof by any court or administrative or governmental authority (including any request or policy not having the force of law) shall impose, modify, or make applicable any taxes (except federal, state, or local income or franchise taxes imposed on the Bank), reserve requirements, liquidity requirements, capital adequacy requirements, Federal Deposit Insurance Corporation (FDIC) deposit insurance premiums or assessments, or other obligations which would (A) increase the cost to the Bank for extending, maintaining or funding the Credit Facilities, (B) reduce the amounts payable to the Bank under the Credit Facilities, or (C) reduce the rate of return on the Bank's capital as a consequence of the Bank's obligations with respect to the Credit Facilities, then the Borrower agrees to pay the Bank such additional amounts as will compensate the Bank therefor, within five (5) days after the Bank's written demand for such payment. The Bank's demand shall be accompanied by an explanation of such imposition or charge and a calculation in reasonable detail of the additional amounts payable by the Borrower, which explanation and calculations shall be conclusive in the absence of manifest error.
- 8.12 Expenses.** The Borrower agrees to pay or reimburse the Bank for all its out-of-pocket costs and expenses and reasonable attorneys' fees (including the fees of in-house counsel) incurred in connection with the preparation and execution of this agreement, any amendment, supplement, or modification thereto, and any other Related Documents.
- 8.13 Reinstatement.** The Borrower agrees that to the extent any payment or transfer is received by the Bank in connection with the Liabilities, and all or any part of the payment or transfer is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid or transferred by the Bank or paid or transferred over to a trustee, receiver or any other entity, whether under any proceeding or otherwise (any of those payments or transfers is hereinafter referred to as a "**Preferential Payment**"), then this agreement and the Notes shall continue to be effective or shall be reinstated, as the case may be, even if all those Liabilities have been paid in full and whether or not the Bank is in possession of the Notes and whether any of the Notes has been marked, paid, released or cancelled, or returned to the Borrower and, to the extent of the payment, repayment or other transfer by the Bank, the Liabilities or part intended to be satisfied by the Preferential Payment shall be revived and continued in full force and effect as if the Preferential Payment had not been made. The obligations of the Borrower under this section shall survive the termination of this agreement.
- 8.14 Assignments.** The Borrower agrees that the Bank may provide any information or knowledge the Bank may have about the Borrower or about any matter relating to the Notes or the other Related Documents to JPMorgan Chase & Co., or any of its Subsidiaries or Affiliates or their successors, or to any one or more purchasers or potential purchasers of the Notes or the Related Documents. The Borrower agrees that the Bank may at any time sell, assign or transfer one or more interests or participations in all or any part of its rights and obligations in the Notes to one or more purchasers whether or not related to the Bank. The Bank shall use its commercially reasonable efforts to provide the Borrower with notice of any such sale, assignment or transfer.
- 8.15 Waivers.** To the maximum extent not prohibited by applicable Legal Requirements, each Obligor waives (a) any right to receive notice of the following matters before the Bank enforces any of its rights: (i) any demand, diligence, presentment, dishonor and protest, or (ii) any action that the Bank takes regarding any Person, any Collateral, or any of the Liabilities, that it might be entitled to by law or under any other agreement; (b) any right to require the Bank to proceed against the Borrower, any other Obligor or any Collateral, or pursue any remedy in the Bank's power to pursue; (c) any defense based on any claim that any Obligor's obligations exceed or are more burdensome than those of the Borrower; (d) the benefit of any statute of limitations affecting liability of any Obligor or the enforcement hereof; (e) any defense arising by reason of any disability or other defense of the Borrower or by reason of the cessation from any cause whatsoever (other than payment in full) of the obligation of the Borrower for the Liabilities; and (f) any defense based on or arising out of any defense that the Borrower may have to the payment or performance of the Liabilities or any portion thereof. Each Obligor consents to any extension or postponement of time of its payment without limit as to the number or period, to any substitution, exchange or release of all or any part of any Collateral, to the addition of any other party, and to the release or discharge of, or suspension of any rights and remedies against, any Obligor. The Bank may waive or delay enforcing any of its rights without losing them. Any waiver affects only the specific terms and time period stated in the waiver. No modification or waiver of any provision of the Notes is effective unless it is in writing and signed by the Person against whom it is being enforced.
- 8.16 Time is of the Essence.** Time is of the essence under this agreement and in the performance of every term, covenant and obligation contained herein.
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9. **USA PATRIOT ACT NOTIFICATION.** The following notification is provided to the Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each Person that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for the Borrower: When the Borrower opens an account, if it is an individual the Bank will ask for its name, taxpayer identification number, residential address, date of birth, and other information that will allow the Bank to identify it, and, if it is not an individual the Bank will ask for its name, taxpayer identification number, business address, and other information that will allow the Bank to identify it. The Bank may also ask, if the Borrower is an individual, to see its driver's license or other identifying documents, and if it is not an individual, to see its Organizational Documents or other identifying documents.

10. **WAIVER OF SPECIAL DAMAGES.** THE BORROWER WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT THE BORROWER MAY HAVE TO CLAIM OR RECOVER FROM THE BANK IN ANY LEGAL ACTION OR PROCEEDING ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES.

11. **JURY WAIVER.** TO THE MAXIMUM EXTENT NOT PROHIBITED BY APPLICABLE LAW, THE BORROWER AND THE BANK (BY ITS ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) BETWEEN THE BORROWER AND THE BANK ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE OTHER RELATED DOCUMENTS. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE BANK TO PROVIDE THE FINANCING DESCRIBED HEREIN.

12. **VOLUNTARY TERMINATION.** Borrower may terminate this agreement at any time upon at least ten (10) days' prior written notice to the Bank. On the date specified in such notice, termination will be effective, so long as Borrower has paid to the Bank, in same day funds, all amounts due under the Liabilities, including but not limited to the aggregate principal amount outstanding on such date, together with accrued interest and fees thereon

[signature page immediately follows]

Address(es) for Notices:

55 Charles Lindbergh Boulevard
Uniondale, NY 11553

Attn: _____

Address for Notices:

395 North Service Rd., 3rd Floor
Melville, NY 11747

Attn: _____

Outside Counsel Prepared

Borrower:

FREQUENCY ELECTRONICS, INC.

By: /s/ Alan Miller
Alan Miller Secretary Treasurer and
CFO
Printed Name Title

Date Signed: June 6, 2013

Bank:

JPMorgan Chase Bank, N.A.

By: /s/ Gina Franceschini
Gina Franceschini Authorized Officer
Printed Name Title

Date Signed: June 6, 2013

Line of Credit Note

\$25,000,000.00

Date: June 6, 2013

Promise to Pay. On or before June 5, 2018 (the "Maturity Date"), for value received, FREQUENCY ELECTRONICS, INC. (the "Borrower") promises to pay to JPMorgan Chase Bank, N.A., whose address is 395 North Service Rd., 3rd Floor, Melville, NY 11747 (the "Bank") or order, in lawful money of the United States of America, the sum of Twenty Five Million and 00/100 Dollars (\$25,000,000.00) (the "Note Principal Amount") or so much thereof as may be advanced and outstanding under Tranche A and Tranche B plus interest thereon as set forth below.

Credit Facility. The Bank has approved a credit facility of even date herewith (the "Credit Facility") to the Borrower in a principal amount not to exceed the face amount of this Note. The credit facility is in the form of advances made from time to time by the Bank to the Borrower. This Note evidences the Borrower's obligation to repay those advances. The aggregate principal amount of debt that may be advanced under and evidenced by this Note is the lesser of the (a) the Note Principal Amount or (b) the amount set forth in the Credit Facility as reflected from time to time in the records of the Bank. Until the earliest to occur of the Maturity Date, or an Event of Default, or any event that would constitute an Event of Default but for the giving of notice, the lapse of time or both, the Borrower may borrow, pay down and reborrow under this Note subject to the terms of the Related Documents

Tranche A. Subject to the satisfaction by the Borrower of the conditions set forth in Section 3 of the Credit Agreement, the Bank shall advance amounts to the Borrower under Tranche A (the "Tranche A Borrowings"), from time to time, in an aggregate amount not exceeding the lesser of (a) (i) the Note Principal Amount, less (ii) the unpaid principal amount under Tranche B, or (b) such lesser amount as set forth in the Credit Facility.

Tranche B. Subject to the satisfaction by the Borrower of the conditions set forth in Section 3 of the Credit Agreement, the Bank shall advance amounts to the Borrower under Tranche B (the "Tranche B Borrowings"), from time to time, in an aggregate amount not exceeding the lesser of (a) Fifteen Million Dollars (\$15,000,000.00) or (b) such lesser amount as set forth in the Credit Facility.

Minimum Borrowing Limit. Advances under either Tranche A or Tranche B must be made in amounts not less than \$500,000.00 (the "Minimum Borrowing Limit") except where the Borrower elects to advance amounts under either Tranche A or Tranche B as an Alternate Rate Borrowing, in which case the minimum borrowing limit shall be \$100,000.00 (the "Alternate Borrowing Limit").

Interest. Except with respect to any election by the Borrower to pay interest at the Alternate Note Rate, the Borrower hereby agrees to pay interest on the outstanding unpaid principal balance of the Note Principal Amount as follows: (a) interest at a rate equal to the LIBOR Rate plus 0.75% (the "Tranche A Note Rate") on the unpaid principal balance of Tranche A Borrowings, and (b) interest at a rate equal to the LIBOR Rate plus 1.75% (the "Tranche B Note Rate") on the unpaid principal balance of Tranche B Borrowings. Interest shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

Alternate Note Rate. The Borrower may elect to pay interest at the CB Floating Rate (the "Alternate Note Rate") on any advance requested under either Tranche A or Tranche B until such time as such advances are paid in full by the Borrower (the "Alternate Rate Borrowing"). The Alternate Borrowing Limit, not the Minimum Borrowing Limit, shall apply to any advances made as an Alternate Rate Borrowing.

Default Rate. The Tranche A Note Rate, the Tranche B Note Rate and the Alternate Note Rate shall be increased by 2.00% Per Annum, at the Bank's option, upon the occurrence of any default under this Note, whether or not the Bank elects to accelerate the maturity of this Note, from the date such increased rate is imposed by the Bank.

In no event shall the interest rate exceed the maximum rate allowed by law. Any interest payment that would for any reason be unlawful under applicable law shall be applied to principal.

Interest will be computed on the unpaid principal balance from the date of each borrowing.

The Borrower will make monthly interest payments on Tranche A and Tranche B with the initial interest payment due and payable on June 30, 2013 and, thereafter, on the last day of each succeeding calendar month until all amounts due hereunder are paid in full.

The Borrower shall make all payments on this Note and the other Related Documents, without setoff, deduction, or counterclaim, to the Bank at the Bank's address above or at such other place as the Bank may designate in writing. If any payment of principal or interest on this Note shall become due on a day that is not a Business Day, the payment will be made on the next succeeding Business Day. Payments shall be allocated among principal, interest and fees as directed by Borrower unless otherwise required by applicable law, except upon the occurrence of and during the continuance of an Event of Default, in which case payment shall be allocated among principal, interest and fees at the discretion of the Bank. Acceptance by the Bank of any payment that is less than the payment due at that time shall not constitute a waiver of the Bank's right to receive payment in full at that time or any other time.

Interest Rate Definitions. As used in this Note, the following terms have the following meanings:

1. “**Adjusted One Month LIBOR Rate**” means, for any day, the sum of (i) 2.50% Per Annum plus (ii) the quotient of (a) the interest rate determined by the Bank by reference to the Page to be the rate at approximately 11:00 a.m. London time, on such date or, if such date is not a Business Day, on the immediately preceding Business Day for dollar deposits with a maturity equal to one (1) month, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to dollar deposits in the London interbank market with a maturity equal to one (1) month.
2. “**Business Day**” means (i) with respect to the Adjusted One Month LIBOR Rate, a day (other than a Saturday or Sunday) on which banks generally are open in New York for the conduct of substantially all of their commercial lending activities and on which dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day other than a Saturday, Sunday or any other day on which national banking associations are authorized to be closed.
3. “**CB Floating Rate**” means the Prime Rate; *provided* that the CB Floating Rate shall, on any day, not be less than the Adjusted One Month LIBOR Rate. The CB Floating Rate is a variable rate and any change in the CB Floating Rate due to any change in the Prime Rate or the Adjusted One Month LIBOR Rate is effective from and including the effective date of such change in the Prime Rate or the Adjusted One Month LIBOR Rate, respectively.
4. “**Interest Period**” means, a period of one (1), two (2) or three (3) month(s) commencing on a Business Day selected by the Borrower pursuant to this Note. Such Interest Period shall end on the day which corresponds numerically to such date one (1), two (2) or three (3) month(s) thereafter, as applicable, provided, however, that if there is no such numerically corresponding day in such first, second or third succeeding month(s), as applicable, such Interest Period shall end on the last Business Day of such first, second or third succeeding month(s), as applicable. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day, provided, however, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day
5. “**LIBOR Rate**” means, for any Interest Period, the interest rate determined by the Bank by reference to the Page at approximately 11:00 a.m. London time, two Business Days prior to the commencement of the Interest Period for dollar deposits with a maturity equal to such Interest Period. If no LIBOR Rate is available to the Bank, the applicable LIBOR Rate for the relevant Interest Period shall instead be the rate determined by the Bank to be the rate at which the Bank offers to place U.S. dollar deposits having a maturity equal to such Interest Period with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period.
6. “**Page**” means Reuters Screen LIBOR01, formerly known as Page 3750 of the Moneyline Telerate Service (together with any successor or substitute, the “**Service**”) or any successor or substitute page of the Service providing rate quotations comparable to those currently provided on such page of the Service, as determined by the Bank from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market.
7. “**Prime Rate**” means the rate of interest Per Annum announced from time to time by the Bank as its prime rate. The Prime Rate is a variable rate and each change in the Prime Rate is effective from and including the date the change is announced as being effective. **THE PRIME RATE IS A REFERENCE RATE AND MAY NOT BE THE BANK’S LOWEST RATE.**
8. “**Regulation D**” means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.
9. “**Reserve Requirement**” means the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D.

Authorization for Direct Payments (ACH Debits). To effectuate any payment due under this Note or under any other Related Documents, the Borrower hereby authorizes the Bank to initiate debit entries to Account Number 202659306 maintained by the Borrower at the Bank (or such other account numbers maintained by the Borrower with the Bank as reasonably agreed to by the Bank) and to debit the same to such account. This authorization to initiate debit entries shall remain in full force and effect until the Liabilities have been paid in full. The Borrower represents that the Borrower is and will be the owner of all funds in such account. The Borrower acknowledges: (1) that such debit entries may cause an overdraft of such account which may result in the Bank’s refusal to honor items drawn on such account until adequate deposits are made to such account; (2) that the Bank is under no duty or obligation to initiate any debit entry for any purpose; and (3) that if a debit is not made because the above-referenced account does not have a sufficient available balance, or otherwise, the payment may be late or past due.

Late Fee. Any principal or interest which is not paid within 10 days after its due date (whether as stated, by acceleration or otherwise) shall be subject to a late payment charge of five percent (5.00%) of the total payment due, in addition to the payment of interest, up to the maximum amount of One Thousand Five Hundred and 00/100 Dollars (\$1,500.00) per late charge. The Borrower agrees to pay and stipulates that five percent (5.00%) of the total payment due is a reasonable amount for a late payment charge. The Borrower shall pay the late payment charge upon demand by the Bank or, if billed, within the time specified.

Purpose of Loan. The Borrower acknowledges and agrees that this Note evidences a loan for a business, commercial, agricultural or similar commercial enterprise purpose, and that no advance shall be used for any personal, family or household purpose. The proceeds of the loan shall be used by the Borrower only for working capital and to finance acquisitions..

Inability to Determine Interest Rate. With respect to any Alternate Rate Borrowing, if the Bank determines on any day that quotations of interest rates for the relevant deposits referred to in the definition of Adjusted One Month LIBOR Rate are not being provided for purposes of determining the interest rate on any advance on any day, then each advance evidenced by this Note shall bear interest at the Prime Rate until the Bank determines that quotations of interest rates for the relevant deposits referred to in the definition of Adjusted One Month LIBOR Rate are being provided.

Per Annum. In this Note the term "Per Annum" means for a year deemed to be comprised of 360 days.

Miscellaneous. This Note binds the Borrower and its successors, and benefits the Bank, its successors and assigns. Any reference to the Bank includes any holder of this Note. This Note is subject to that certain Credit Agreement by and between the Borrower and the Bank, dated June 6, 2013, and all amendments, restatements and replacements thereof (the "Credit Agreement") to which reference is hereby made for a more complete statement of the terms and conditions under which the loan evidenced hereby is made and is to be repaid. The terms and provisions of the Credit Agreement are hereby incorporated and made a part hereof by this reference thereto with the same force and effect as if set forth at length herein. No reference to the Credit Agreement and no provisions of this Note or the Credit Agreement shall alter or impair the absolute and unconditional obligation of the Borrower to pay the principal and interest on this Note as herein prescribed. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. If any one or more of the obligations of the Borrower under this Note or any provision hereof is held to be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Borrower and the remaining provisions shall not in any way be affected or impaired; and the invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of such obligations or provisions in any other jurisdiction. Time is of the essence under this Note and in the performance of every term, covenant and obligation contained herein.

Address: 55 Charles Lindbergh Boulevard
Uniondale, NY 11553

Borrower:
FREQUENCY ELECTRONICS, INC.

By: /s/ Alan Miller
Alan Miller, Secretary/Treasurer and CFO
Printed Name Title
Date Signed: June 6, 2013

Outside Counsel Prepared

Dated as of June 6, 2013

Guaranty. To induce JPMorgan Chase Bank, N.A., whose address is 395 North Service Rd., 3rd Floor, Melville, NY 11747 (together with its successors and assigns, the “Bank”), at its option, to make financial accommodations, make or acquire loans, extend or continue credit or some other benefit, including letters of credit and foreign exchange contracts, present or future, direct or indirect, and whether several, joint or joint and several, to FREQUENCY ELECTRONICS, INC. (whether one or more, the “Borrower”, individually and collectively, if more than one), and because the undersigned (the “Guarantors”) have determined that executing this Guaranty is in its interest and to its financial benefit, each Guarantor, jointly and severally, absolutely and unconditionally guarantees to the Bank the performance of and full and prompt payment of the Liabilities when due, whether at stated maturity, by acceleration or otherwise. Each Guarantor, jointly and severally, will not only pay the Liabilities, but will also reimburse the Bank for any fees, charges, costs and expenses, including reasonable attorneys’ fees (including fees and expenses of counsel for the Bank that are employees of the Bank or its affiliates) and court costs, that the Bank may pay in collecting from the Borrower or the Guarantor, and for liquidating any Collateral (collectively, “Collection Amounts”). Each Guarantor’s obligations under this Guaranty shall be joint and several and shall be payable in lawful money of the United States of America.

Credit Agreement. “Credit Agreement” means that certain Credit Agreement dated as of the date hereof by and between Borrower and Bank. All terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

Liabilities. The term “Liabilities” in this Guaranty means all debts, obligations, indebtedness and liabilities of every kind and character of the Borrower, whether individual, joint and several, contingent or otherwise, now or hereafter existing, in favor of the Bank and its Affiliates, including, without limitation, all liabilities, interest, costs and fees, arising under or from any note, open account, overdraft, credit card, lease, Rate Management Transaction, letter of credit application, endorsement, surety agreement, guaranty, acceptance, foreign exchange contract or depository service contract, whether payable to the Bank or to a third party and subsequently acquired by the Bank, any monetary obligations (including interest) incurred or accrued during the pendency of any bankruptcy, insolvency, receivership or other similar proceedings, regardless of whether allowed or allowable in such proceeding, and all renewals, extensions, modifications, consolidations, rearrangements, restatements, replacements or substitutions of any of the foregoing. The Guarantors and the Bank specifically contemplate that Liabilities include indebtedness hereafter incurred by the Borrower to the Bank. The term “Rate Management Transaction” in this Guaranty means (1) any transaction (including an agreement with respect thereto) which is a rate swap, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap, floor, collar, currency swap, cross-currency rate swap, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including an option with respect to any of these transactions), or (2) any type of transaction that is similar to any transaction referred to in clause (1) above that is currently, or in the future becomes, recurrently entered into in the financial markets and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, or any combination of the foregoing transactions.

Limitation. Each Guarantor’s obligation under this Guaranty is UNLIMITED.

Continued Reliance. This Guaranty shall remain in effect for each Guarantor until payment in full of the Remaining Liabilities, as defined below, following termination of this Guaranty by such Guarantor in accordance with this paragraph. This Guaranty will continue to be in effect until final payment and performance in full of all Liabilities and the termination of any commitment of the Bank to make loans or other financial accommodations to the Borrower. Each Guarantor may terminate such Guarantor’s liability for Liabilities not in existence or for which the Bank has no commitment to advance or acquire by delivering written notice to the Bank as set forth in the paragraph below captioned “Notice.” After such Guarantor’s termination of this Guaranty, such Guarantor will continue to be liable, jointly and severally, for the following amounts (the “Remaining Liabilities”): (i) all Liabilities existing on the effective date of termination, (ii) all Liabilities to which the Bank has committed to advance or acquire prior to the effective termination date (whether or not the Bank is contractually obligated to advance or acquire the loans or extensions of credit), (iii) all subsequent renewals, extensions, modifications, consolidations, rearrangements, restatements, replacements and amendments (but not increases) of those Liabilities, (iv) all interest accruing on those Liabilities after the effective termination date and (v) all Collection Amounts incurred with respect to those Liabilities, on or after the effective termination date. The Bank may continue to permit the Borrower to incur Liabilities and to issue commitments to the Borrower to advance or acquire Liabilities in reliance on this Guaranty until the effective date of termination, regardless of whether at any time or from time to time there are neither existing Liabilities nor commitment by the Bank to advance or acquire Liabilities.

Security. The term “Collateral” in this Guaranty means all Property described in all security agreements, pledge agreements, mortgages, deeds of trust, assignments, or other instruments now or hereafter executed in connection with any of the Liabilities securing or intending to secure any of the Liabilities.

Bank’s Right of Setoff. In addition to the Collateral, if any, each Guarantor grants to the Bank a security interest in the Accounts, and the Bank is authorized to setoff and apply, all Accounts, Securities and Other Property, and Bank Debt against any and all Liabilities of the Borrower and all obligations of such Guarantor under this Guaranty. This right of setoff may be exercised at any time and from time to time, and without prior notice to a Guarantor. This security interest in the Accounts and right of setoff may be enforced or exercised by the Bank regardless of whether or not the Bank has made any demand under this paragraph or whether the Liabilities are contingent, matured, or unmatured. Any delay, neglect or conduct by the Bank in exercising its rights under this paragraph will not be a waiver of the right to exercise this right of setoff or enforce this security interest in the Accounts. The rights of the Bank under this paragraph are in addition to other rights the Bank may have by law. In this paragraph: (a) the term “Accounts” means any and all accounts and deposits of each Guarantor (whether general, special, time, demand, provisional or final) at any time held by the Bank (including all Accounts held jointly with another, but excluding any IRA or Keogh Account, or any trust Account in which a security interest would be prohibited by law); (b) the term “Securities and Other Property” means any securities entitlements, securities accounts, investment property, financial assets and all securities and other property of each Guarantor in the custody, possession or control of the Bank, JPMorgan Chase & Co. and their respective subsidiaries and affiliates (other than property held by the Bank in a fiduciary capacity); and (c) the term “Bank Debt” means all indebtedness at any time owing by the Bank to or for the credit or account of each Guarantor and any claim of each Guarantor (whether individual, joint and several or otherwise) against the Bank now or hereafter existing.

Remedies/Acceleration. If any Guarantor fails to pay any amount owing under this Guaranty, the Bank shall have all of the rights and remedies provided by law or under any other agreement. The Bank is authorized to cause all or any part of the Collateral to be transferred to or registered in its name or in the name of any other person or business entity with or without designation of the capacity of that nominee. Each Guarantor is liable, jointly and severally, for any deficiency in payment of any Liabilities whether of principal, interest, fees, costs or expenses remaining after the disposition of any Collateral. Each Guarantor is liable, jointly and severally, to the Bank for all reasonable costs and expenses of any kind incurred in the making and collection of this Guaranty, including without limitation reasonable attorneys’ fees and court costs. These costs and expenses include without limitation any costs or expenses incurred by the Bank in any bankruptcy, reorganization, insolvency or other similar proceeding. All obligations of each Guarantor to the Bank under this Guaranty, whether or not then due or absolute or contingent, shall, at the option of the Bank, without notice or demand, become due and payable immediately upon the occurrence of any default or event of default under the terms of any of the Liabilities or otherwise with respect to any agreement related to the Liabilities (or any other event that results in acceleration of the maturity of any Liabilities, including without limitation, demand for payment of any Liabilities constituting demand obligations or automatic acceleration in a legal proceeding) or the occurrence of any default under this Guaranty.

Permissible Actions. If any monies become available from any source other than any Guarantor that the Bank can apply to the Liabilities, the Bank may apply them in any manner it chooses, including but not limited to applying them against obligations, indebtedness or liabilities which are not covered by this Guaranty. The Bank may take any action against the Borrower, the Collateral, or any other person liable for any of the Liabilities. The Bank may release the Borrower or anyone else from the Liabilities, either in whole or in part, or release the Collateral, and need not perfect a security interest in the Collateral. The Bank does not have to exercise any rights that it has against the Borrower or anyone else, or make any effort to realize on the Collateral or any other collateral for the Liabilities, or exercise any right of set-off. Each Guarantor authorizes the Bank, without notice or demand and without affecting such Guarantor’s obligations hereunder, from time to time, to: (a) renew, modify, compromise, rearrange, restate, consolidate, extend, accelerate, postpone, grant any indulgence or otherwise change the time for payment of, or otherwise change the terms of the Liabilities or any part thereof, including increasing or decreasing the rate of interest thereon; (b) release, substitute or add any one or more endorsers, sureties, any Guarantor or other guarantors; (c) take and hold Collateral for the payment of this Guaranty or the Liabilities, and enforce, exchange, impair, substitute, subordinate, waive or release any Liabilities or any Collateral for the Liabilities; (d) proceed against such Collateral and direct the order or manner of sale of such Collateral as the Bank in its discretion may determine; (e) apply any and all payments from the Borrower, any Guarantor or any other obligor on the Liabilities, or recoveries from such Collateral, in such order or manner as the Bank in its discretion may determine; and (f) to accept any partial payment of Liabilities or collateral for the Liabilities. Each Guarantor’s obligations under this Guaranty shall not be released, diminished or affected by (i) any act or omission of the Bank, (ii) the voluntary or involuntary liquidation, sale or other disposition of all or substantially all of the assets of the Borrower or any Guarantor, or any receivership, insolvency, bankruptcy, reorganization, or other similar proceedings affecting the Borrower, any Guarantor, any other obligor or any of their respective assets, (iii) any change in the composition or structure of the Borrower, any Guarantor or any other obligor on the Liabilities, including a merger or consolidation with any other person or entity, or (iv) any payments made upon the Liabilities. Each Guarantor hereby expressly consents to any impairment of Collateral, including, but not limited to, failure to perfect a security interest and release Collateral and any such impairment or release shall not affect such Guarantor’s obligations hereunder.

Nature of Guaranty. This Guaranty is an absolute guaranty of payment and performance and not of collection. Therefore, the Bank may insist that any Guarantor pay immediately, and the Bank is not required to attempt to collect first from the Borrower, any other Guarantor, the Collateral, or any other person liable for the Liabilities. The obligation of each Guarantor shall be joint and several, and unconditional and absolute even if all or any part of any agreement between the Bank and the Borrower or any Guarantor is unenforceable, void, voidable or illegal or uncollectible due to incapacity, lack of power or authority, discharge or for any reason whatsoever, and regardless of the existence of any defense, setoff, discharge or counterclaim (in any case, whether based on contract, tort or any other theory) which the Borrower or any Guarantor may assert. If the Borrower is a corporation, limited liability company, partnership or trust, it is not necessary for the Bank to inquire into the powers of the Borrower or the officers, directors, members, managers, partners, trustees or agents acting or purporting to act on its behalf, and any of the Liabilities made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder. Without limiting the foregoing, each Guarantor's liability is absolute and unconditional irrespective of and shall not be released, diminished or affected by: (a) any present or future law, regulation or order of any jurisdiction (whether of right or in fact) or of any agency thereof purporting to reduce, amend, restructure, render unenforceable or otherwise affect any term of any Liabilities; or (b) any war, riot or revolution impacting multinational companies or any act of expropriation, nationalization or currency inconvertibility or nontransferability arising from governmental, legislative or executive measures affecting any Guarantor, any other obligor or the property of any Guarantor or any other obligor of the Liabilities.

Other Guarantors. If there is more than one Guarantor, the obligations under this Guaranty are joint and several. In addition, each Guarantor under this Guaranty shall be jointly and severally liable with any other guarantor of the Liabilities. If the Bank elects to enforce its rights against fewer than all guarantors of the Liabilities, that election does not release the Guarantor from its obligations under this Guaranty. The compromise or release of any of the obligations of any of the other guarantors or the Borrower shall not serve to impair, waive, alter or release the Guarantor's obligations.

Rights of Subrogation. Each Guarantor waives and agrees not to enforce any rights of subrogation, contribution, reimbursement, exoneration or indemnification that it may have against the Borrower, any person liable on the Liabilities, or the Collateral, until the Borrower and such Guarantor have fully performed all their obligations to the Bank, even if those obligations are not covered by this Guaranty.

Waivers. To the maximum extent not prohibited by applicable law, each Guarantor waives (a) to the extent not prohibited by applicable law, all rights and benefits under any laws or statutes regarding sureties, as may be amended, and (b) any right such Guarantor may have to receive notice of the following matters before the Bank enforces any of its rights: (i) the Bank's acceptance of this Guaranty, (ii) incurrence or acquisition of any Liabilities (including, without limitation, any material alteration of the Liabilities), any credit that the Bank extends to the Borrower, Collateral received or delivered, default by any party to any agreement related to the Liabilities or other action taken in reliance on this Guaranty, and all notices and other demands of any description, (iii) diligence and promptness in preserving liability against any obligor on the Liabilities, and in collecting or bringing suit to collect the Liabilities from any obligor on the Liabilities or to pursue any remedy in the Bank's power to pursue; (iv) notice of extensions, renewals, modifications, rearrangements, restatements and substitutions of the Liabilities or any Collateral for the Liabilities; (v) notice of failure to pay any of the Liabilities as they mature, any other default, adverse facts that would affect such Guarantor's risk, any adverse change in the financial condition of any obligor on the Liabilities, release or substitution of any Collateral, subordination of the Bank's rights in any Collateral, and every other notice of every kind that may lawfully be waived; (vi) the Borrower's default, (vii) any demand, diligence, presentment, dishonor and protest, or (viii) any action that the Bank takes regarding the Borrower, anyone else, the Collateral, or any of the Liabilities, which it might be entitled to by law or under any other agreement, (c) any right it may have to require the Bank to proceed against the Borrower, any Guarantor, any other obligor or guarantor of the Liabilities, or the Collateral for the Liabilities or such Guarantor's obligations under this Guaranty, or pursue any remedy in the Bank's power to pursue, (d) any defense based on any claim that such Guarantor's obligations exceed or are more burdensome than those of the Borrower, (e) the benefit of any statute of limitations affecting such Guarantor's obligations hereunder or the enforcement hereof, (f) any defense arising by reason of any disability or other defense of the Borrower or by reason of the cessation from any cause whatsoever (other than payment in full) of the obligation of the Borrower for the Liabilities, (g) any defense based on or arising out of the Bank's negligent administration of the Liabilities, and (h) any defense based on or arising out of any defense that the Borrower may have to the payment or performance of the Liabilities or any portion thereof. The Bank may waive or delay enforcing any of its rights without losing them. Any waiver affects only the specific terms and time period stated in the waiver. No modification or waiver of this Guaranty is effective unless it is in writing and signed by the party against whom it is being enforced.

Cooperation. Each Guarantor agrees to fully cooperate with the Bank and not to delay, impede or otherwise interfere with the efforts of the Bank to secure payment from the assets which secure the Liabilities including actions, proceedings, motions, orders, agreements or other matters relating to relief from automatic stay, abandonment of property, use of cash collateral and sale of the Bank's collateral free and clear of all liens.

Reinstatement. Each Guarantor agrees that to the extent any payment or transfer is received by the Bank in connection with the Liabilities, and all or any part of the payment or transfer is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be transferred or repaid by the Bank or transferred or paid over to a trustee, receiver or any other entity, whether under any bankruptcy act or otherwise (any of those payments or transfers is hereinafter referred to as a "Preferential Payment"), then this Guaranty shall continue to be effective or shall be reinstated, as the case may be, and whether or not the Bank is in possession of this Guaranty, or whether the Guaranty has been marked paid, released or canceled, or returned to such Guarantor and, to the extent of the payment, repayment or other transfer by the Bank, the Liabilities or part intended to be satisfied by the Preferential Payment shall be revived and continued in full force and effect as if the Preferential Payment had not been made.

Information. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Liabilities and the nature, scope and extent of the risks that such Guarantor assumes and incurs under this Guaranty, and agrees that the Bank does not have any duty to advise such Guarantor of information known to it regarding those circumstances or risks.

Financial Information. Each Guarantor further agrees that such Guarantor shall provide to the Bank the financial statements and other information relating to the financial condition, properties and affairs of such Guarantor as the Bank reasonably requests from time to time.

Severability. The provisions of this Guaranty are severable, and if any one or more of the obligations of any Guarantor under this Guaranty or the provisions of this Guaranty is held to be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of such Guarantor and the remaining provisions shall not in any way be affected or impaired; and the invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of such obligation(s) or provision(s) in any other jurisdiction; provided, however, notwithstanding the foregoing, in any action or proceeding involving any state corporate law, or any state, federal or foreign bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of such Guarantor under this Guaranty would otherwise be held or determined to be avoidable, invalid or unenforceable on account of the amount of such Guarantor's liability under this Guaranty, then, notwithstanding any other provision of this Guaranty to the contrary, the amount of such liability shall, without any further action by such Guarantor or the Bank, be automatically limited and reduced to the highest amount that is valid and enforceable as determined in such action or proceeding.

Representations and Warranties by Guarantor. Each Guarantor represents and warrants that the following statements are true in all material respects and will remain true in all material respects until termination of this Guaranty and payment in full of all Liabilities: (a) the execution and delivery of this Guaranty and the performance of the obligations it imposes do not violate any law, do not conflict with any agreement by which it is bound, or require the consent or approval of any governmental authority or any third party; (b) this Guaranty is a valid and binding agreement, enforceable according to its terms; (c) all balance sheets, profit and loss statements, and other financial statements furnished to the Bank in connection with the Liabilities are accurate and fairly reflect the financial condition of the organizations and persons to which they apply on their effective dates, including contingent liabilities of every type, which financial condition has not changed materially and adversely since those dates; (d) the Guarantor has filed all federal and state tax returns that are required to be filed, has paid all due and payable taxes and assessments against the property and income of the Guarantor and all payroll, excise and other taxes required to be collected and held in trust by the Guarantor for any governmental authority; (e) the Guarantor has determined that this Guaranty will benefit the Guarantor directly or indirectly; (f) the Guarantor has (i) without reliance on the Bank or any information received from the Bank and based upon the records and information the Guarantor deems appropriate, made an independent investigation of the Borrower, the Borrower's business, assets, operations, prospects and condition, financial or otherwise, and any circumstances that may bear upon those transactions, the Borrower or the obligations, liabilities and risks undertaken in this Guaranty with respect to the Liabilities; (ii) adequate means to obtain from the Borrower on a continuing basis information concerning the Borrower and the Bank has no duty to provide any information concerning the Borrower or any other obligor to the Guarantor; (iii) full and complete access to the Borrower and any and all records relating to any Liabilities now and in the future owing by the Borrower; (iv) not relied and will not rely upon any representations or warranties of the Bank not embodied in this Guaranty or any acts taken by the Bank prior to and after execution or other authentication and delivery of this Guaranty (including but not limited to any review by the Bank of the business, assets, operations, prospects and condition, financial or otherwise, of the Borrower); and (v) determined that the Guarantor will receive benefit, directly or indirectly, and has or will receive fair and reasonably equivalent value for, the execution and delivery of this Guaranty; (g) by entering into this Guaranty, the Guarantor does not intend to incur or believe that the Guarantor will incur debts that would be beyond the Guarantor's ability to pay as those debts mature; (h) the execution and delivery of this Guaranty are not intended to hinder, delay or defraud any creditor of the Guarantor; and (i) the Guarantor is neither engaged in nor about to engage in any business or transaction for which the remaining assets of the Guarantor are unreasonably small in relation to the business or transaction, and any property remaining with the Guarantor after the execution or other authentication of this Guaranty is not unreasonably small capital. Each Guarantor, other than a natural person, further represents that: (1) it is duly organized, validly existing and in good standing under the laws of the state where it is organized and in good standing in each state where it is doing business; and (2) the execution and delivery of this Guaranty and the performance of the obligations it imposes (A) are within its powers and have been duly authorized by all necessary action of its governing body, and (B) do not contravene the terms of its articles of incorporation or organization, its by-laws, or any agreement or document governing its affairs.

Notice. Except as otherwise provided in this Guaranty, any notices and demands under or related to this document shall be in writing and delivered to the intended party at its address stated herein, and if to the Bank, at its main office if no other address of the Bank is specified herein, by one of the following means: (a) by hand, (b) by a nationally recognized overnight courier service, or (c) by certified mail, postage prepaid, with return receipt requested. Notice shall be deemed given: (i) upon receipt if delivered by hand, (ii) on the Delivery Day after the day of deposit with a nationally recognized courier service, or (iii) on the third Delivery Day after the notice is deposited in the mail. "Delivery Day" means a day other than a Saturday, a Sunday, or any other day on which national banking associations are authorized to be closed. Any party may change its address for purposes of the receipt of notices and demands by giving notice of such change in the manner provided in this provision. Notices of termination, as provided above, will not be deemed received until actually received by the Manager of Commercial Loan Documentation Division, KY1-4340, P.O. Box 33035, Louisville, KY 40232-3035, Attn: Manager of Commercial Loan Documentation Division under written receipt and shall be effective at the opening of the Bank for business on the third Delivery Day after receipt of the notice.

Governing Law and Venue. This agreement shall be governed by and construed in accordance with the laws of the State of New York (without giving effect to its laws of conflicts). Each Guarantor agrees that any legal action or proceeding with respect to any of its obligations under this agreement may be brought by the Bank in any state or federal court located in the State of New York, as the Bank in its sole discretion may elect. By the execution and delivery of this agreement, each Guarantor submits to and accepts, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of those courts. Each Guarantor waives any claim that the State of New York is not a convenient forum or the proper venue for any such suit, action or proceeding.

Miscellaneous. Each Guarantor's liability under this Guaranty is independent of its liability under any other guaranty previously or subsequently executed by such Guarantor or any one of them, singularly or together with others, as to all or any part of the Liabilities, and may be enforced for the full amount of this Guaranty regardless of such Guarantor's liability under any other guaranty. This Guaranty binds each Guarantor's heirs, successors and assigns, and benefits the Bank and its successors and assigns. The Bank may assign this Guaranty in whole or in part without notice. The Bank shall use its commercially reasonable efforts to provide each Guarantor with notice of any such assignment. Each Guarantor agrees that the Bank may provide any information or knowledge the Bank may have about such Guarantor or about any matter relating to this Guaranty to JPMorgan Chase & Co., or any of its subsidiaries or affiliates or their successors, or to one or more purchasers or potential purchasers of this Guaranty or the Liabilities guaranteed hereby. The use of headings does not limit the provisions of this Guaranty. Time is of the essence under this Guaranty and in the performance of every term, covenant and obligation contained herein.

WAIVER OF SPECIAL DAMAGES. EACH GUARANTOR WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT SUCH GUARANTOR MAY HAVE TO CLAIM OR RECOVER FROM THE BANK IN ANY LEGAL ACTION OR PROCEEDING ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES.

JURY WAIVER. TO THE MAXIMUM EXTENT NOT PROHIBITED BY APPLICABLE LAW, EACH GUARANTOR AND THE BANK (BY ITS ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) BETWEEN SUCH GUARANTOR AND THE BANK ARISING OUT OF OR IN ANY WAY RELATED TO THIS DOCUMENT. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE BANK TO PROVIDE THE FINANCING DESCRIBED HEREIN.

[signature pages immediately follows]

Address: 11 Volvo Drive
Rockleigh, NJ 07647

Guarantor:
FEI-Elcom Tech, Inc.

By: /s/ Alan Miller
Alan Miller Secretary/Treasurer
Printed Name Title
Date Signed: June 6, 2013

Address: 55 Charles Lindbergh Blvd.
Uniondale, NY 11553

Guarantor:
FEI Communications, Inc.

By: /s/ Alan Miller
Alan Miller Secretary/Treasurer
Printed Name Title
Date Signed: June 6, 2013

Address: 55 Charles Lindbergh Blvd.
Uniondale, NY 11553

Guarantor:
FEI Government Systems, Inc.

By: /s/ Alan Miller
Alan Miller Secretary/Treasurer
Printed Name Title
Date Signed: June 6, 2013

Address: 7321 Lincoln Way
Garden Grove, CA 92841

Guarantor:
FEI-Zyfer, Inc.

By: /s/ Alan Miller
Alan Miller Secretary/Treasurer
Printed Name Title
Date Signed: June 6, 2013

Dated as of June 6, 2013

Pledge. FREQUENCY ELECTRONICS, INC., whose address is 55 Charles Lindbergh Boulevard, Uniondale, New York 11553 (the “Borrower”), pledges, assigns, transfers and grants to JPMorgan Chase Bank, N.A., whose address is 395 North Service Rd., 3rd Floor, Melville, NY 11747 (together with its successors and assigns, the “Bank”) a continuing security interest in the property listed below under the heading “Schedule of Collateral” (the “Collateral”) owned by the Borrower, all Collateral in which the Borrower has rights or power to transfer rights and all Collateral in which the Borrower later acquires ownership, other rights or the power to transfer rights to secure the payment and performance of the Liabilities. If the Collateral consists of “investment property” or “financial assets,” as such terms are defined in the Uniform Commercial Code of New York, as in effect from time to time (the “UCC”), the grant includes any stock rights, stock dividends, liquidating dividends, new securities, financial assets and other property to which the Borrower may become entitled because it owns the Collateral and such property delivered to the Bank or to an intermediary designated by the Bank subject to the control of the Bank to satisfy the requirements of the paragraph captioned “Loan Value of Collateral”. The Borrower has transferred the applicable securities to the Bank or to an other intermediary, as directed by the Bank, that has entered or will hereafter enter into one or more control agreements in form and substance satisfactory to the Bank (collectively, “Control Agreement”). In the event the transfer is not complete, the Borrower will complete it within ten (10) days. Collateral shall not include any common trust funds of the Bank in which the Bank is prohibited by applicable law from taking a security interest.

Bank Affiliates Appointed as Agents; Master Control Agreements. Affiliates of the Bank and its parent, J.P.Morgan Chase & Co., now existing or hereafter created or acquired, may now or hereafter provide custody, distribution, trading and/or other services related to the Bank’s Collateral, whether or not the Bank such Affiliates are acting in the capacity of “security intermediary” (such term being used herein is defined in the UCC) or otherwise (“Affiliates”). The Bank hereby appoints such Affiliates as its agent(s) for and on behalf of the Bank as secured party and for purposes of perfecting the Bank’s Collateral held at the Bank or its Affiliates, to hold the Bank’s Collateral and to provide related services for the Bank as secured party. Any master control agreement(s) existing among the Bank and Affiliates is(are) hereby incorporated by reference, including any amendments, supplements and restatements now or hereafter existing. The Borrower consents to such appointment of Affiliates as the Bank’s agents by the Bank and to such master control agreement(s) among the Bank and Affiliates. If any Collateral is held by an Affiliate, the Borrower directs such Affiliate to comply with orders of the Bank without the consent of the Borrower or any other person or entity.

SCHEDULE OF COLLATERAL. Collateral includes all of the Borrower’s “Investment Property” of every type and description, described in the Control Agreement and on the customer statement, if any, attached to the Control Agreement which shall include without limitation, all of the Borrower’s “Securities Accounts”, “Securities Entitlements”, “Securities”, “Investment Property” and “Financial Assets” (such terms being used herein are defined in the UCC), now or hereafter be maintained, held in or credited in any of the accounts with the account numbers described in the Control Agreement (including any subaccounts and any successor account(s) and/or subaccount(s), howsoever numbered, “Account”), and all substitutions, additions, renewals, investments, reinvestments, free credit balances, cash proceeds, general intangibles, insurance, products and supporting obligations including but not limited to all interest, dividends, other proceeds, instruments and other property now or hereafter received, receivable or otherwise distributed in connection with the sale, lease, license, exchange or other disposition of any Collateral.

Credit Agreement. “Credit Agreement” means that certain Credit Agreement dated as of the date hereof by and between the Borrower and the Bank. All terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

Liabilities. “Liabilities” means all debts, obligations, indebtedness and liabilities of every kind and character of the Borrower, whether individual, joint and several, contingent or otherwise, now or hereafter existing, in favor of the Bank and its Affiliates, including, without limitation, all liabilities, interest, costs and fees, arising under or from any note, open account, overdraft, credit card, lease, Rate Management Transaction, letter of credit application, endorsement, surety agreement, guaranty, acceptance, foreign exchange contract or depository service contract, whether payable to the Bank or to a third party and subsequently acquired by the Bank, any monetary obligations (including interest) incurred or accrued during the pendency of any bankruptcy, insolvency, receivership or other similar proceedings, regardless of whether allowed or allowable in such proceeding, and all renewals, extensions, modifications, consolidations, rearrangements, restatements, replacements or substitutions of any of the foregoing. “Rate Management Transaction” means (1) any transaction (including an agreement with respect thereto) which is a rate swap, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap, floor, collar, currency swap, cross-currency rate swap, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including an option with respect to any of these transactions), or (2) any type of transaction that is similar to any transaction referred to in clause (1) above that is currently, or in the future becomes, recurrently entered into in the financial markets and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, or any combination of the foregoing transactions.

Representations, Warranties and Covenants. The Borrower represents, warrants and agrees with the Bank that until this Pledge terminates and all Liabilities are paid in full, except as otherwise permitted in the Credit Agreement, it owns and it will own the Collateral free and clear of any liens, security interests, assignments or other encumbrances (other than the Permitted Liens). Except as otherwise permitted in the Credit Agreement, the Borrower will not attempt to sell or assign the Collateral or create any lien, security interest, assignment or other encumbrance or claim (other than the Permitted Liens) against it. The Borrower agrees to reimburse the Bank, on demand, for any amounts paid or advanced by the Bank for the purpose of preserving all or any part of the Collateral. The Bank shall exercise reasonable care in the custody and preservation of the Collateral to the extent required by applicable law.

The Borrower represents, warrants and covenants with the Bank that until this Pledge terminates and all Liabilities are paid in full no financing statement or similar record covering all or any part of the Collateral is on file in any public office, and no person or entity other than the Bank has control of the Collateral unless the Bank has approved that filing and/or control in writing. From time to time at the Bank's reasonable request, the Borrower will execute one or more financing statements and control agreements in form and substance satisfactory to the Bank and will pay the cost of filing them in all public offices or recording them with any intermediary where filing or recording is deemed by the Bank to be necessary or desirable. In addition, the Borrower shall execute and deliver, or cause to be executed and delivered, such other documents as the Bank may from time to time reasonably request to create, to perfect, to assure the continuing first priority of or to further evidence, the security interest created in the Collateral by this Pledge, including: (a) a notice of security interest and/or a control agreement with respect to any Collateral from persons or entities considered necessary or desirable by the Bank, all in form and substance satisfactory to the Bank; (b) a notice to and acknowledgement from and control agreement with any bailee or other person who maintains, possesses or controls any of the Collateral, all in form and substance satisfactory to the Bank; and (c) any consent to the assignment of proceeds of any letter of credit, all in form and substance satisfactory to the Bank.

The Bank shall have the right now and at any time in the future, in its sole and absolute discretion and without notice to the Borrower: to (a) prepare, file and sign the Borrower's name on any proof of claim in bankruptcy or similar document against any owner of the Collateral and (b) to prepare, file and sign the Borrower's name on any financing statement or similar record, notice of lien, control agreement, assignment or satisfaction of lien or similar document in connection with the Collateral.

Bank Appointed Attorney-in-Fact. The Borrower authorizes and irrevocably appoints the Bank as the Borrower's attorney-in-fact, to do any of the following without notice to the Borrower or any other person or entity: to take any action and to execute or otherwise authenticate any record or other documentation that the Bank considers necessary or advisable to accomplish the purposes of this Pledge, to exercise any rights under this Pledge and to perform any of the undersigned's obligations under this Pledge including but not limited to the following: (a) to endorse and collect all checks, drafts, other payment orders and instruments representing or included in, the Collateral or representing any payment, dividend or distribution relating to any Collateral; (b) to direct any securities or commodity intermediary or issuer of any Collateral to comply with instructions originated by the Bank directing distribution of the Collateral without the undersigned's further consent; (c) to transfer to or restyle any Collateral into the name of the Bank or the Bank's nominee or any broker-dealer that may be an affiliate of the Bank (including converting physical certificates to book-entry holdings); (d) to transfer to the account of the Bank with any Federal Reserve Bank as Collateral held in book entry form with any Federal Reserve Bank; (e) to execute any control agreement or stock powers or other document of transfer; and (f) to execute any record reasonably believed necessary or appropriate by the Bank for compliance with laws, rules or regulations applicable to any Collateral (including any documentation reasonably believed necessary by the Bank for compliance with Rule 144 or any other restrictions, laws, rules or regulations applicable to any Collateral hereunder that constitutes restricted securities under the applicable securities laws) and to vote any and all securities or exercise any similar right with respect to any Collateral and the Bank is granted an irrevocable proxy to so vote on the undersigned's behalf. The Borrower's signature on this Pledge or other authentication of this Pledge shall constitute an irrevocable direction by the Borrower to any bank, custodian, broker-dealer, any other securities intermediary or commodity intermediary or other financial intermediary holding any Collateral or any issuer of any letters of credit to comply with the instructions or entitlement orders, as applicable of the Bank, without the further consent of the Borrower or any other person or entity. This appointment is irrevocable and coupled with an interest and shall survive the death or disability of the Borrower.

Registration Rights. If any of the Collateral consists of securities not registered under the Securities Act of 1933, and the issuer proposes to register any of its securities, the Borrower will give the Bank notice of that fact. In addition, and at no cost to the Bank, the Borrower will use its best efforts to induce the issuer to register the pledged securities so that they may be disposed of by public sale or other public disposition. Upon the completion of registration, the Borrower will deliver certificates without any restrictive legend in exchange for the unregistered securities. The Borrower indemnifies and holds the Bank harmless against any loss, claim, damage or liability arising out of the registration process, and will reimburse the Bank for any legal or other expenses incurred by the Bank as a result.

Voting Rights. Until the occurrence of an Event of Default with respect to any Liabilities or any agreement related to the Liabilities, the Borrower may exercise all voting and consensual powers and rights pertaining to any Collateral for all purposes not inconsistent with the terms of this Pledge and may receive and retain all dividends (other than stock or liquidating dividends) on the Collateral prior to any event of default or default. All dividends in stock or property representing stock, and all subscription rights, warrants or other rights or options, all liquidating dividends or distributions, and all securities or other property received as a result of a merger or consolidation, will be Collateral and must be delivered to the Bank or as instructed by the Bank.

Instructions Regarding the Collateral. The Bank may act upon any instructions given by the Borrower whether in writing or not, with regard to additions or substitutions or sale or other disposition of the Collateral and its proceeds. The Borrower agrees that any additions to, substitutions for or proceeds of the Collateral that it receives will be held for the Bank's benefit and turned over to the Bank. The Borrower also gives the Bank permission to have the Collateral or any part of it transferred to or registered in the Bank's name or in the name of any other person or business entity with or without designation of the capacity of that nominee, and will hold the Bank harmless from any liability or responsibility that might result. A carbon, photographic or other reproduction of this Pledge is sufficient as, and can be filed as, a financing statement or other similar record. The Bank is irrevocably appointed the Borrower's attorney-in-fact to execute any financing statement or similar record on the Borrower's behalf covering the Collateral. The Borrower authorizes the Bank to file one or more financing statements or similar records related to the security interests created by this Pledge, and further authorizes the Bank, instead of the Borrower, to sign such financing statements.

Remedies. The Borrower agrees and acknowledges that because of applicable securities laws, the Bank may not be able to effect a public sale of the Collateral, and sales at a private sale may be on terms and at a price less favorable than if the securities were sold at a public sale. The Borrower agrees that all private sales made under these circumstances shall be construed to have been made in a commercially reasonable manner. The Bank's compliance with any applicable state or federal law requirements in connection with the disposition of the Collateral will not adversely affect the commercial reasonableness of any sale of the Collateral. These rights and remedies shall be cumulative and not exclusive. If the Borrower is entitled to notice, that requirement will be met if the Bank sends notice at least ten (10) days prior to the date of sale, disposition or other event requiring notice, and such notice shall be deemed commercially reasonable. The proceeds of any sale shall be applied first to costs, then toward payment of the Liabilities in any order of application, whether or not the Liabilities have been declared to be due and owing; provided that, to the extent any Liabilities consist of extensions of credit by the issuance of letters of credit or other like obligations of the Bank to third parties which have not been utilized, such proceeds shall be held by the Bank in a cash collateral account as security for the Liabilities.

Miscellaneous. The Borrower's obligations to the Bank under this Pledge are not subject to any condition, precedent or subsequent, and shall not be released or affected by any change in the composition or structure of the Borrower, including a merger or consolidation with any other person or entity. If more than one person or entity signs this Pledge as Borrower, their obligations, covenants, representations and warranties are joint and several and the Collateral includes any property that is owned by any one or more of the undersigned, individually or jointly with any other person or entity. If more than one person or entity signs as the Borrower, their obligations are joint and several arising out of or relating to this Pledge or the Collateral and each agreement representation, warranty and covenant shall be individual, joint and several and the "Collateral" includes any property that is owned by any Borrower individually or jointly with any other. This Pledge is binding on the Borrower and its heirs, successors and assigns, and is for the benefit of the Bank and its successors and assigns. The use of section headings does not limit the provisions of this Pledge. The provisions of this Pledge are severable, and if any one or more of the provisions of this Pledge are held to be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired; and the invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of such provision(s) in any other jurisdiction. Time is of the essence under this Pledge and in the performance of every term, covenant and obligation contained herein.

Borrower:

FREQUENCY ELECTRONICS, INC.

By: /s/ Alan Miller

Alan Miller

Secretary/Treasurer and CFO

Printed Name

Title

Date Signed: June 6, 2013

Name of Debtor: FREQUENCY ELECTRONICS, INC.
Debtor's Address: 55 Charles Lindbergh Boulevard, Uniondale, NY 11553

Dated as of June 6, 2013

Grant of Security Interest. FREQUENCY ELECTRONICS, INC. (whether one or more, the "Debtor", individually and collectively if more than one) grants to JPMorgan Chase Bank, N.A., whose address is 395 North Service Rd., 3rd Floor, Melville, NY 11747 (together with its successors and assigns, the "Bank") a continuing security interest in, pledges and assigns to the Bank all of the "Collateral" (as hereinafter defined) owned by the Debtor, all of the Collateral in which the Debtor has rights or power to transfer rights and all Collateral in which the Debtor later acquires ownership, other rights or rights or power to transfer rights to secure the payment and performance of the Liabilities.

Borrower. "Borrower" means FREQUENCY ELECTRONICS, INC.

Credit Agreement. "Credit Agreement" means that certain Credit Agreement dated as of the date hereof by and between Borrower and Bank. All terms used but not defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

Liabilities. "Liabilities" means all debts, obligations, indebtedness and liabilities of every kind and character of the Borrower, whether individual, joint and several, contingent or otherwise, now or hereafter existing, in favor of the Bank and its Affiliates, including, without limitation, all liabilities, interest, costs and fees, arising under or from any note, open account, overdraft, credit card, lease, Rate Management Transaction, letter of credit application, endorsement, surety agreement, guaranty, acceptance, foreign exchange contract or depository service contract, whether payable to the Bank or to a third party and subsequently acquired by the Bank, any monetary obligations (including interest) incurred or accrued during the pendency of any bankruptcy, insolvency, receivership or other similar proceedings, regardless of whether allowed or allowable in such proceeding, and all renewals, extensions, modifications, consolidations, rearrangements, restatements, replacements or substitutions of any of the foregoing. The Debtor and the Bank specifically contemplate that Liabilities include indebtedness hereafter incurred by the Borrower to the Bank. "Rate Management Transaction" means (1) any transaction (including an agreement with respect thereto) which is a rate swap, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap, floor, collar, currency swap, cross-currency rate swap, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including an option with respect to any of these transactions), or (2) any type of transaction that is similar to any transaction referred to in clause (1) above that is currently, or in the future becomes, recurrently entered into in the financial markets and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, or any combination of the foregoing transactions.

Collateral. Accounts; Chattel Paper; Deposit Accounts and other payment obligations of a financial institution (including the Bank); Documents; Equipment; General Intangibles; Instruments; Inventory; Investment Property; and Letter of Credit Rights.

Description of Collateral. As used in this agreement, the term "Collateral" means all of the Debtor's property whether owned individually or jointly with others of the types indicated above and defined below, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, including but not limited to any items listed on any schedule or list attached hereto. In addition, the term "Collateral" includes all "proceeds," "products" and "supporting obligations" (as such terms are defined in the "UCC," meaning the Uniform Commercial Code of New York, as in effect from time to time) of the Collateral indicated above, including but not limited to all stock rights, subscription rights, dividends, stock dividends, stock splits, or liquidating dividends, and all cash, accounts, chattel paper, "instruments," "investment property," "financial assets," and "general intangibles" (as such terms are defined in the UCC) arising from the sale, rent, lease, casualty loss or other disposition of the Collateral, and any Collateral returned to, repossessed by or stopped in transit by the Debtor, and all insurance claims relating to any of the Collateral (defined above). The term "Collateral" further includes all of the Debtor's right, title and interest in and to all books, records and data relating to the Collateral identified above, regardless of the form of media containing such information or data, and all software necessary or desirable to use any of the Collateral identified above or to access, retrieve, or process any of such information or data. Where the Collateral is in the possession of the Bank or the Bank's agent, the Debtor agrees to deliver to the Bank any property that represents an increase in the Collateral or profits or proceeds of the Collateral.

1. “**Accounts**” means all of the Debtor’s “accounts” as defined in Article 9 of the UCC.
2. “**Chattel Paper**” means all of the Debtor’s “chattel paper” as defined in Article 9 of the UCC.
3. “**Deposit Accounts**” means all of the Debtor’s “deposit accounts” as defined in Article 9 of the UCC and other payment obligations of a financial institution (including the Bank) to the Debtor.
4. “**Documents**” means all of the Debtor’s “documents” as defined in Article 9 of the UCC.
5. “**Equipment**” means all of the Debtor’s “equipment” as defined in Article 9 of the UCC. In addition, “Equipment” includes any “documents” (as defined in Article 9 of the UCC) issued with respect to any of the Debtor’s “equipment” (as defined in Article 9 of the UCC) and certificates of title relating to the foregoing. Without limiting the security interest granted, the Debtor represents and warrants that the Debtor’s Equipment is presently located at the address set forth in this agreement or in a separate Collateral Location Schedule delivered to the Bank.
6. “**General Intangibles**” means all of the Debtor’s “general intangibles” as defined in Article 9 of the UCC. In addition, “General Intangibles” further includes any right to a refund of taxes paid at any time to any governmental entity.
7. “**Instruments**” means all of the Debtor’s “instruments” as defined in Article 9 of the UCC.
8. “**Inventory**” means all of the Debtor’s “inventory” as defined in Article 9 of the UCC. In addition, “Inventory” includes any “documents” (as defined in article 9 of the UCC) and certificates of title issued with respect to any of the Debtor’s “inventory” (as defined in Article 9 of the UCC). Without limiting the security interest granted, the Debtor represents and warrants that the Debtor’s Inventory is presently located at the address set forth in this agreement or in a separate Collateral Location Schedule delivered to the Bank.
9. “**Investment Property**” means all of the Debtor’s “investment property” as defined in Article 9 of the UCC and all of the Debtor’s “financial assets,” as defined in Article 8 of the UCC.
10. “**Letter of Credit Rights**” means all of the Debtor’s “letter of credit rights” as defined in Article 9 of the UCC.

Collateral Location Schedule. “Collateral Location Schedule” means a schedule in the form attached to this agreement. The Debtor agrees to complete, execute and deliver a Collateral Location Schedule to the Bank with respect to any Collateral for which the Debtor has identified a location in this agreement: (i) concurrently with the execution of this agreement, if the initial location of the Collateral is other than the address of the Debtor set forth above; and (ii) not less than ten (10) days prior to the relocation of any Collateral to any place other than the address of the Debtor set forth above or any location identified in any previously submitted Collateral Location Schedule.

Representations, Warranties and Covenants. The Debtor represents and warrants to, and covenants and agrees with the Bank that each of the following is true in all material respects and will remain true in all material respects until termination of this agreement, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, and full and final payment of all Liabilities:

1. Its principal residence or chief executive office is at the address shown above or such other address as specified in writing by Borrower to Bank;
2. The Debtor’s name as it appears in this agreement is its exact name as it appears in the Debtor’s in its Organizational Documents, as amended, including any trust documents or as otherwise specified in writing by Borrower to Bank;
3. It is or will become the owner of the Collateral free from any liens, encumbrances or security interests, except for Permitted Liens, this security interest and existing liens disclosed to and accepted by the Bank in writing, and it will defend the Collateral against all claims and demands of all persons at any time claiming any interest in the Collateral (except Permitted Liens);
4. It will keep the Collateral free of liens, encumbrances and other security interests, except for Permitted Liens, this security interest, and maintain the Collateral in good repair, not use it illegally and exhibit the Collateral to the Bank on demand;

5. At its own expense, the Debtor will maintain comprehensive casualty insurance on the Collateral against such risks, in such amounts, with such deductibles and with such companies as may be satisfactory to the Bank. Each insurance policy shall contain a lender's loss payable endorsement in form and substance satisfactory to the Bank and a prohibition against cancellation or amendment of the policy or removal of the Bank as loss payee without at least thirty (30) days' prior written notice to the Bank. In all events, the amounts of such insurance coverages shall conform to prudent business practices and shall be in such minimum amounts that the Debtor will not be deemed a co-insurer. The policies and certificates evidencing them, shall, if the Bank so requests, be deposited with the Bank. The Debtor authorizes the Bank to endorse on the Debtor's behalf and to negotiate drafts reflecting proceeds of insurance of the Collateral, provided that the Bank shall remit to the Debtor such surplus, if any, as remains after the proceeds have been applied, at the Bank's option, to the satisfaction of all of the Liabilities (in such order of application as the Bank may elect) or to the establishment of a cash collateral account for the Liabilities;
6. It will not sell, lease, license or offer to sell, lease, license or otherwise transfer the Collateral or any rights in or to the Collateral, without the written consent of the Bank, except (a) for the sale of inventory in the ordinary course of business and (b) as otherwise provided by the Credit Agreement;
7. It will not change the location of the Collateral from the locations of the Collateral described in this agreement and any separate Collateral Location Schedule provided to the Bank, without providing at least ten (10) days' prior written notice to the Bank by means of submitting a Collateral Location Schedule;
8. It will pay promptly when due all taxes and assessments upon the Collateral, or for the use or operation of the Collateral in each case except as they may be contested in good faith and have been properly reflected in Debtor's books with adequate reserves established therefor;
9. No financing statement covering all or any part of the Collateral or any proceeds is on file in any public office, unless the Bank has approved that filing. From time to time at the Bank's reasonable request, the Debtor will execute one or more financing statements or similar record and a control agreement with respect to the proceeds in form satisfactory to the Bank and will pay the cost of filing them in all public offices where filing is deemed by the Bank to be necessary or desirable. In addition, the Debtor shall execute and deliver, or cause to be executed and delivered, such other documents as the Bank may from time to time reasonably request to perfect or to further evidence the security interest created in the Collateral by this agreement including, without limitation: (a) any certificate or certificates of title to the Collateral with the security interest of the Bank noted thereon or executed applications for such certificates of title in form satisfactory to the Bank; (b) any assignments of claims under government contracts which are included as part of the Collateral, together with any notices and related documents as the Bank may from time to time request; (c) any assignment of any specific account receivable as the Bank may from time to time request; (d) a notice of and acknowledgment of the Bank's security interest and a control agreement with respect to any Collateral, all in form and substance satisfactory to the Bank; (e) a notice to and acknowledgment from any person holding or in possession of any Collateral that such persons holds the Collateral as a bailee for the Bank's benefit, all in form and substance satisfactory to the Bank; and (f) any consent to the assignment of proceeds of any letter of credit, all in form and substance satisfactory to the Bank;
10. It will not, without the Bank's prior written consent, (a) change the Debtor's name, provided that the Bank's consent thereto shall not be unreasonably withheld, or (b) the Debtor's business organization, the jurisdiction under which the Debtor's business organization is formed or organized, or (c) the Debtor's chief executive office, or any other places of its businesses, provided however, the Debtor may change the location of its businesses to other locations in the Continental United States after giving at least four (4) months prior written notice to the Bank;
11. It will provide any information that the Bank may reasonably request and will permit the Bank or the Bank's agents to inspect and copy its books, records, data and the Collateral at any time during normal business hours;
12. The Bank shall have the right now, and at any time in the future in its sole and absolute discretion, without notice to the Debtor, to (a) prepare, file and sign the Debtor's name on any proof of claim in bankruptcy or similar document against any owner of the Collateral and (b) prepare, file and sign the Debtor's name on any financing statement, notice of lien, assignment or satisfaction of lien or similar document in connection with the Collateral. The Debtor hereby authorizes the Bank to file financing statements covering Collateral or such lesser amount of assets as the Bank may determine, or the Bank may, at its option, file financing statements or similar records containing any collateral description which reasonably describes the Collateral in which a security interest is granted under this agreement;
13. Immediately upon the Debtor's receipt of any Collateral evidenced by an agreement, "instrument," "chattel paper," certificated "security" or "document" (as such terms are defined in the UCC) (collectively, "Special Collateral"), the Debtor shall mark the Special Collateral to show that it is subject to the Bank's security interest and shall deliver the original to the Bank together with appropriate endorsements and other specific evidence of assignment or transfer in form and substance satisfactory to the Bank;
14. The Debtor shall keep all tangible Collateral in good order and repair and shall not waste or destroy any of the Collateral, nor use any of the Collateral in violation of any applicable law or any policy of insurance thereon. To the extent that the Collateral consists of "farm products" (as defined in the UCC), the Debtor shall attend to and care for the crops and livestock in accordance with the best practices of good husbandry, and do, or cause to be done, any and all acts that may at any time be appropriate or necessary to grow, raise, harvest, care for, preserve and protect the farm products;

15. Except as may be otherwise disclosed in writing by the Debtor to the Bank, none of the Collateral is attached to real estate so as to constitute a “fixture” (as defined in the UCC) and none of the Collateral shall at any time hereafter be attached to real estate so as to constitute a fixture. If any of the Collateral is now or at any time hereafter becomes so attached to real estate so as to constitute a fixture, the Debtor shall, at any time upon the Bank’s request, furnish the Bank with a disclaimer of interest in the Collateral executed by each person or entity having an interest in such real estate.

Accounts; Chattel Paper; General Intangibles and Instruments. Until the Bank gives notice to the Debtor to the contrary, the Debtor will, in the usual course of its business and at its own expense, on the Bank’s behalf but not as the Bank’s agent, demand and receive and use its best efforts to collect all moneys due or to become due with respect to the Collateral. Until the Bank gives notice to the Debtor to the contrary or until the Debtor is in default and such event of default has continued beyond any applicable cure period, it may use the funds collected in its business. Upon notice from the Bank or upon the occurrence and during the continuance of an event of default, the Debtor agrees that all sums of money it receives on account of or in payment or settlement of the Accounts, Chattel Paper, General Intangibles and Instruments shall be held by it as trustee for the Bank without commingling with any of the Debtor’s other funds, and shall immediately be delivered to the Bank with endorsement to the Bank’s order of any check or similar instrument. It is agreed that, upon the occurrence and during the continuance of an event of default, the Bank shall be entitled, in its own name or in the name of the Debtor or otherwise, but at the expense and cost of the Debtor, to collect, demand, receive, sue for or compromise any and all Accounts, Chattel Paper, General Intangibles, and Instruments, and to give good and sufficient releases, to endorse any checks, drafts or other orders for the payment of money payable to the Debtor and, in the Bank’s discretion, to file any claims or take any action or proceeding which the Bank may deem necessary or advisable. It is expressly understood and agreed, however, that the Bank shall not be required or obligated in any manner to make any demand or to make any inquiry as to the nature or sufficiency of any payment received by it or to present or file any claim or take any other action to collect or enforce the payment of any amounts which may have been assigned to the Bank or to which the Bank may be entitled at any time or times. All notices required in this paragraph will be immediately effective when sent. Such notices need not be given prior to the Bank’s taking action. The Debtor appoints the Bank or the Bank’s designee as the Debtor’s attorney-in-fact to do all things with reference to the Collateral as provided for in this section including without limitation (1) to notify the post office authorities to change the Debtor’s mailing address to one designated by the Bank, (2) to receive, open and dispose of mail addressed to the Debtor, (3) to sign the Debtor’s name on any invoice or bill of lading relating to any Collateral, on assignments and verifications of account and on notices to the Debtor’s customers, and (4) to do all things necessary to carry out this agreement or to perform any of the obligations of the Debtor under this agreement. The Debtor ratifies and approves all acts of the Bank as attorney-in-fact. The Bank shall not be liable for any act or omission, nor any error of judgment or mistake of fact or law, but only for its gross negligence or willful misconduct. This power being coupled with an interest is irrevocable until all of the Liabilities have been fully satisfied and shall survive the death or disability of the Debtor.

Pledge. If the Debtor is not the Borrower, then the Debtor agrees that:

1. If any moneys become available from any source other than the Collateral that the Bank can apply to the Liabilities, the Bank may apply them in any manner it chooses, including but not limited to applying them against obligations, indebtedness or liabilities which are not secured by this agreement.
2. The Bank may take any action against the Borrower, the Collateral or any other collateral for the Liabilities, or any other person or entity liable for any of the Liabilities.
3. The Bank may release the Borrower or anyone else from the Liabilities, either in whole or in part, or release the Collateral in whole or in part or any other collateral for the Liabilities, and need not perfect a security interest in the Collateral or any other collateral for the Liabilities.
4. The Bank does not have to exercise any rights that it has against the Borrower or anyone else, or make any effort to realize on the Collateral or any other collateral for the Liabilities, or exercise any right of setoff.
5. Without notice or demand and without affecting the Debtor’s obligations hereunder, from time to time, the Bank is authorized to: (a) renew, modify, compromise, rearrange, restate, consolidate, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Liabilities or any part thereof, including increasing or decreasing the rate of interest thereon; (b) release, substitute or add any one or more sureties, endorsers, or guarantors; (c) take and hold other collateral for the payment of the Liabilities, and enforce, exchange, substitute, subordinate, impair, waive or release any such collateral; (d) proceed against the Collateral or any other collateral for the Liabilities and direct the order or manner of sale as the Bank in its discretion may determine; and (e) apply any and all payments received by the Bank in connection with the Liabilities, or recoveries from the Collateral or any other collateral for the Liabilities, in such order or manner as the Bank in its discretion may determine.
6. The Debtor’s obligations hereunder shall not be released, diminished or affected by (a) any act or omission of the Bank, (b) the voluntary or involuntary liquidation, sale or other disposition of all or substantially all of the assets of the Borrower, or any receivership, insolvency, bankruptcy, reorganization, or other similar proceedings affecting the Borrower or any of its assets or any other obligor on the Liabilities or that obligor’s assets, (c) any change in the composition or structure of the Borrower or any other obligor on the Liabilities, including a merger or consolidation with any other person or entity, or (d) any payments made upon the Liabilities.

7. The Debtor expressly consents to any impairment of any other collateral for the Liabilities, including, but not limited to, failure to perfect a security interest and release of any other collateral for the Liabilities and any such impairment or release shall not affect the Debtor's obligations hereunder.
8. The Debtor waives and agrees not to enforce any rights of subrogation, contribution, reimbursement, exoneration or indemnification that it may have against the Borrower, any person or entity liable on the Liabilities, or the Collateral, until the Borrower and the Debtor have fully performed all their obligations to the Bank, even if those obligations are not covered by this agreement.
9. The Debtor waives (a) to the extent not prohibited by applicable law, all rights and benefits under any laws or statutes regarding sureties, as may be amended, (b) any right the Debtor may have to receive notice of the following matters before the Bank enforces any of its rights: (i) the Bank's acceptance of this agreement, (ii) incurrence or acquisition or material alteration of any Liabilities, any credit that the Bank extends to the Borrower, (iii) the Borrower's default, (iv) any demand, diligence, presentment, dishonor and protest, (v) any action that the Bank takes regarding the Borrower, anyone else, any other collateral for the Liabilities, or any of the Liabilities, which it might be entitled to by law or under any other agreement, or (vi) any adverse facts that would affect the Debtor's risk, (c) any right it may have to require the Bank to proceed against the Borrower, any guarantor or other obligor on the Liabilities, the Collateral or any other collateral for the Liabilities, or pursue any remedy in the Bank's power to pursue, (d) any defense based on any claim that the Debtor's obligations exceed or are more burdensome than those of the Borrower, (e) the benefit of any statute of limitations affecting the Debtor's obligations hereunder or the enforcement hereof, (f) any defense arising by reason of any disability or other defense of the Borrower or by reason of the cessation from any cause whatsoever (other than payment in full) of the obligation of the Borrower for the Liabilities, (g) any defense based on or arising out of any defense that the Borrower may have to the payment or performance of the Liabilities or any portion thereof and (h) any defense based on or arising out of the Bank's negligent administration of the Liabilities. The Bank may waive or delay enforcing any of its rights without losing them. Any waiver affects only the specific terms and time period stated in the waiver.
10. The Debtor agrees to fully cooperate with the Bank and not to delay, impede or otherwise interfere with the efforts of the Bank to secure payment from the assets which secure the Liabilities including actions, proceedings, motions, orders, agreements or other matters relating to relief from automatic stay, abandonment of property, use of cash collateral and sale of the Bank's collateral free and clear of all liens.
11. The Debtor has (a) without reliance on the Bank or any information received from the Bank and based upon the records and information the Debtor deems appropriate, made an independent investigation of the Borrower, the Borrower's business, assets, operations, prospects and condition, financial or otherwise, and any circumstances that may bear upon those transactions, the Borrower or the obligations, liabilities and risks undertaken pursuant to this agreement; (b) adequate means to obtain from the Borrower on a continuing basis information concerning the Borrower and the Bank has no duty to provide any information concerning the Borrower or other obligor on the Liabilities to the Debtor; (c) full and complete access to the Borrower and any and all records relating to any Liabilities now or in the future owing by the Borrower; (d) not relied and will not rely upon any representations or warranties of the Debtor not embodied in this agreement or any acts taken by the Debtor prior to or after the execution or other authentication and delivery of this agreement (including but not limited to any review by the Debtor of the business, assets, operations, prospects and condition, financial or otherwise, of the Borrower); and (e) determined that the Debtor will receive benefit, directly or indirectly, and has or will receive fair and reasonably equivalent value, for the execution and delivery of this agreement and the rights provided to the Bank. By entering into this agreement, the Debtor does not intend: (i) to incur or believe that the Debtor will incur debts that would be beyond the Debtor's ability to pay as those debts mature; or (ii) to hinder, delay or defraud any creditor of the Debtor. The Debtor is neither engaged in nor about to engage in any business or transaction for which the remaining assets of the Debtor are unreasonably small in relation to the business or transaction, and any property remaining with the Debtor after the execution or other authentication of this agreement is not unreasonably small capital.

Reinstatement. The Debtor agrees that to the extent any payment or transfer is received by the Bank in connection with the Liabilities, and all or any part of such payment or transfer is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be transferred or repaid by the Bank or paid over to a trustee, receiver or any other person or entity, whether under any bankruptcy act or otherwise (any of those payments or transfers is hereinafter referred to as a "Preferential Payment"), then this agreement shall continue to be effective or shall be reinstated, as the case may be, even if all Liabilities have been paid in full, and whether or not the Bank is in possession of this agreement or whether this agreement has been marked paid, cancelled, released or returned to the Borrower or the Debtor, and, to the extent of the payment or repayment or other transfer by the Bank, the Liabilities or part intended to be satisfied by the Preferential Payment shall be revived and continued in full force and effect as if the Preferential Payment had not been made. If this agreement must be reinstated, the Debtor agrees to execute and deliver to the Bank any new security agreements and financing statements, if necessary or if requested by the Bank, in form and substance acceptable to the Bank, covering the Collateral. The obligations of Debtor under this section shall survive the termination of this agreement.

Default; Remedies. If any of the Liabilities are not paid at maturity, whether by acceleration or otherwise, or if a default by anyone occurs under the terms of any agreement related to any of the Liabilities, then the Bank shall have the rights and remedies provided by law or this agreement, including but not limited to the right to require the Debtor to assemble the Collateral and make it available to the Bank at a place to be designated by the Bank which is reasonably convenient to both parties, the right to take possession of the Collateral with or without demand and with or without process of law, and the right to sell and dispose of it and distribute the proceeds according to law. Should a default occur, the Debtor will pay to the Bank all costs reasonably incurred by the Bank for the purpose of enforcing its rights hereunder, to the extent not prohibited by law, including, without limitation: costs of foreclosure; costs of obtaining money damages; and a reasonable fee for the services of internal and outside attorneys employed or engaged by the Bank or its affiliates for any purpose related to this agreement, including, without limitation, consultation, drafting documents, sending notices or instituting, prosecuting or defending litigation or any proceeding. The Debtor agrees that upon default the Bank may dispose of any of the Collateral in its then present condition, that the Bank has no duty to repair or clean the Collateral prior to sale, and that the disposal of the Collateral in its present condition or without repair or clean-up shall not affect the commercial reasonableness of such sale or disposition. The Bank's compliance with any applicable state or federal law requirements in connection with the disposition of the Collateral will not adversely affect the commercial reasonableness of any sale of the Collateral. The Bank may disclaim warranties of title, possession, quiet enjoyment, and the like, and the Debtor agrees that any such action shall not affect the commercial reasonableness of the sale. In connection with the right of the Bank to take possession of the Collateral, the Bank may take possession of any other items of property in or on the Collateral at the time of taking possession, and hold them for the Debtor without liability on the part of the Bank. The Debtor expressly agrees that the Bank may enter upon the premises where the Collateral is believed to be located without any obligation of payment to the Debtor, and that the Bank may, without cost, use any and all of the Debtor's "equipment" (as defined in the UCC) in the manufacturing or processing of any "inventory" (as defined in the UCC) or in growing, raising, cultivating, caring for, harvesting, loading and transporting of any of the Collateral that constitutes "farm products" (as defined in the UCC). If there is any statutory requirement for notice, that requirement shall be met if the Bank sends notice to the Debtor at least ten (10) days prior to the date of sale, disposition or other event giving rise to the required notice, and such notice shall be deemed commercially reasonable. The Debtor is liable for any deficiency remaining after disposition of the Collateral.

Miscellaneous.

1. Where the Collateral is located at, used in or attached to a facility leased by the Debtor, the Debtor will obtain, as soon as reasonably practicable, from the lessor a consent to the granting of this security interest and a release or subordination of the lessor's interest in any of the Collateral, in form and substance satisfactory to the Bank.
2. At its option the Bank may, but shall be under no duty or obligation to, discharge taxes, liens, security interests or other encumbrances at any time levied or placed on the Collateral, pay for insurance on the Collateral, and pay for the maintenance and preservation of the Collateral, and the Debtor agrees to reimburse the Bank on demand for any payment made or expense incurred by the Bank, with interest at the highest rate at which interest may accrue under any of the instruments or documents evidencing the Liabilities.
3. No delay on the part of the Bank in the exercise of any right or remedy waives that right or remedy, no single or partial exercise by the Bank of any right or remedy precludes any other exercise of it or the exercise of any other right or remedy, and no waiver or indulgence by the Bank of any default is effective unless it is in writing and signed by the Bank, nor does a waiver on one occasion waive that right on any future occasion.
4. The provisions of this agreement are severable, and if any one or more of the provisions of this agreement are held to be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired; and the invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of such provision(s) in any other jurisdiction.
5. Except as provided in the Accounts; Chattel Paper; General Intangibles; and Instruments paragraph above, any notices and demands under or related to this document shall be in writing and delivered to the intended party at its address stated herein, and if to the Bank, at its main office if no other address of the Bank is specified herein, by one of the following means: (a) by hand, (b) by a nationally recognized overnight courier service, or (c) by certified mail, postage prepaid, with return receipt requested. Notice shall be deemed given: (a) upon receipt if delivered by hand, (b) on the Delivery Day after the day of deposit with a nationally recognized courier service, or (c) on the third Delivery Day after the notice is deposited in the mail. "Delivery Day" means a day other than a Saturday, a Sunday, or any other day on which national banking associations are authorized to be closed. Any party may change its address for purposes of the receipt of notices and demands by giving notice of such change in the manner provided in this provision.
6. All rights of the Bank benefit the Bank's successors and assigns; and all obligations of the Debtor bind the Debtor's heirs, executors, administrators, successors and assigns. If more than one person or entity signs as the Debtor, their obligations are joint and several and each agreement, representation, warranty and covenant shall be individual, joint and several and the "Collateral" includes any property that is owned by any Debtor individually or jointly with any other.

7. A carbon, photographic or other reproduction of this agreement is sufficient as, and can be filed as, a financing statement. The Bank is irrevocably appointed the Debtor's attorney-in-fact to execute any financing statement on the Debtor's behalf covering the Collateral. The Debtor authorizes the Bank to file one or more financing statements or similar records related to the security interests created by this agreement, and further authorizes the Bank, as secured party herein, instead of the Debtor, to sign such financing statements and other similar records.
8. Time is of the essence under this agreement and in the performance of every term, covenant and obligation contained herein.

Indemnification. The Debtor agrees to indemnify, defend and hold the Bank, its parent companies, subsidiaries, affiliates, their respective successors and assigns and each of their respective shareholders, directors, officers, employees and agents (collectively the "Indemnified Persons") harmless from and against any and all loss, liability, obligation, damage, penalty, judgment, claim, deficiency, expense, interest, penalties, reasonable attorneys' fees (including the reasonable fees and expenses of attorneys engaged by the Indemnified Person at the Indemnified Person's reasonable discretion) and amounts paid in settlement ("Claims") to which any Indemnified Person may become subject arising out of or relating to this agreement or the Collateral, except to the limited extent that the Claims are proximately caused by the Indemnified Person's gross negligence or willful misconduct. The indemnification provided for in this paragraph shall survive the termination of this agreement and shall not be affected by the presence, absence or amount of or the payment or nonpayment of any claim under, any insurance.

Governing Law and Venue. This agreement shall be governed by and construed in accordance with the laws of the State of New York (without giving effect to its laws of conflicts), and to the extent applicable, federal law, except to the extent that the laws regarding the perfection and priority of security interests of the state(s) in which either the Debtor or any property securing the Liabilities is located, are applicable. The Debtor agrees that any legal action or proceeding with respect to any of its obligations under this agreement may be brought by the Bank in any state or federal court located in the State of New York, as the Bank in its sole discretion may elect. By the execution and delivery of this agreement, the Debtor submits to and accepts, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of those courts. The Debtor waives any claim that the State of New York is not a convenient forum or the proper venue for any such suit, action or proceeding.

Additional Representations, Warranties and Covenants. The Debtor represents, warrants and covenants to the Bank that each of the following is true in all material respects and will remain true in all material respects until termination of this agreement and payment in full of all Liabilities: (a) the execution and delivery of this agreement and the performance of the obligations it imposes do not violate any law, do not conflict with any agreement by which it is bound, and do not require the consent or approval of any governmental authority or any third party; (b) this agreement is a valid and binding agreement, enforceable according to its terms; and (c) all balance sheets, profit and loss statements, and other financial statements furnished to the Bank in connection with the Liabilities are accurate and fairly reflect the financial condition of the organizations and persons to which they apply on their effective dates, including contingent liabilities of every type, which financial condition has not changed materially and adversely since those dates. The Debtor, other than a natural person, further represents that: (a) it is duly organized, validly existing and in good standing under the laws of the state where it is organized and in good standing in each state where it is doing business; and (b) the execution and delivery of this agreement and the performance of the obligations it imposes (i) are within its powers and have been duly authorized by all necessary action of its governing body; and (ii) do not contravene the terms of its articles of incorporation or organization, its by-laws, or any agreement or document governing its affairs.

WAIVER OF SPECIAL DAMAGES. THE DEBTOR WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT THE DEBTOR MAY HAVE TO CLAIM OR RECOVER FROM THE BANK IN ANY LEGAL ACTION OR PROCEEDING ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES.

JURY WAIVER. TO THE MAXIMUM EXTENT NOT PROHIBITED BY APPLICABLE LAW, THE DEBTOR AND THE BANK (BY ITS ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) BETWEEN OR AMONG THE DEBTOR AND THE BANK ARISING OUT OF OR IN ANY WAY RELATED TO THIS DOCUMENT. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE BANK TO PROVIDE THE FINANCING DESCRIBED HEREIN.

Debtor:

FREQUENCY ELECTRONICS, INC.

By: /s/ Alan Miller

Alan Miller	Secretary/Treasurer and CFO
Printed Name	Title

Date Signed: June 6, 2013

Outside Counsel Prepared

Collateral Location Schedule

Date: _____

Debtor: _____

Check one: **Designation of initial location of Collateral**
 Notice of intent to relocate Collateral

Date of Continuing Security Agreement: _____

Instructions: This schedule should be completed by the Debtor (the owner of the Collateral) described in the Continuing Security Agreement to which this form is attached, if the Collateral is located at or will be relocated to, any place other than the Debtor's address set forth in the Continuing Security Agreement. The Debtor is required to notify the Bank in writing at least ten (10) days' prior to changing the location of any Collateral. The Debtor represents and warrants that the Collateral is located or stored at the location(s) described below and if any location(s) is leased or used for storage and not owned by the Debtor, the name, address and the phone number of the Landlord or owner of the warehouse ("Warehouseman") and contact name is set forth below with respect to the leased or storage premises.

Please PRINT or TYPE the following information.

Collateral Location	Landlord/Warehouseman Information
Address: _____	<input type="radio"/> Check if Collateral Location is owned by the Debtor, otherwise, check applicable box and complete information below.
City, State: _____	<input type="radio"/> Landlord <input type="radio"/> Warehouseman
Zip Code: _____	Name: _____
Collateral: _____	Address: _____
	Suite Number: _____
	City, State: _____
	Zip Code: _____
	Contact Name: _____
	Phone Number: _____

Collateral Location	Landlord/Warehouseman Information
Address: _____	<input type="radio"/> Check if Collateral Location is owned by the Debtor, otherwise, check applicable box and complete information below.
City, State: _____	<input type="radio"/> Landlord <input type="radio"/> Warehouseman
Zip Code: _____	Name: _____
Collateral: _____	Address: _____
	Suite Number: _____
	City, State: _____
	Zip Code: _____
	Contact Name: _____
	Phone Number: _____

Collateral Location	Landlord/Warehouseman Information
Address: _____	<input type="radio"/> Check if Collateral Location is owned by the Debtor, otherwise, check applicable box and complete information below.
City, State: _____	<input type="radio"/> Landlord <input type="radio"/> Warehouseman
Zip Code: _____	Name: _____
Collateral: _____	Address: _____
	Suite Number: _____
	City, State: _____
	Zip Code: _____
	Contact Name: _____
	Phone Number: _____

Collateral Location	Landlord/Warehouseman Information
Address: _____	<input type="radio"/> Check if Collateral Location is owned by the Debtor, otherwise, check applicable box and complete information below.
City, State: _____	<input type="radio"/> Landlord <input type="radio"/> Warehouseman
Zip Code: _____	Name: _____
Collateral: _____	Address: _____
	Suite Number: _____
	City, State: _____
	Zip Code: _____
	Contact Name: _____
	Phone Number: _____

DEBTOR: _____
By: _____
Name: _____
Title: _____

CONTROL AGREEMENTJune 6, 2013

PLEDGOR: FREQUENCY ELECTRONICS, INC.
("Pledgor")

BANK: JPMorgan Chase Bank, N.A. ("Bank")

COMPANY: J.P. Morgan Securities LLC (including all successors and assigns, the "Company")

The financial institution identified in the heading on this Agreement as the Bank ("Bank," which may be referred to in the Pledge, as defined in this Agreement, as "Secured Party" or "Lender" or a similar reference), the person or entity identified in the heading on this Agreement as the Pledgor ("Pledgor," who or which may be referred to in the Pledge as "Debtor" or "Grantor" or a similar reference) and the securities intermediary identified in the heading on this Agreement as the Company ("Company," including any affiliate, which may be referred to in the Pledge as "Securities Intermediary" or a similar reference) hereby agree as follows:

1. Account. The Company has established securities account number 220-52818 (including any successor account, howsoever numbered, the "Account"). The Company acknowledges that attached hereto as Exhibit A is a statement of the Account produced by the Company in the ordinary course of its business regarding the property credited to the Account as of the date of such statement. The Pledgor has granted the Bank a security interest in, pledge and assignment of the Account pursuant to a pledge/and or security agreement (the "Pledge"). The parties are entering into this control agreement (this "Agreement") to perfect the Bank's security interest in the Account. The Account is a "securities account" and the Company is acting as a "securities intermediary" and shall treat all property in the Account as "financial assets" under Article 8 of the Uniform Commercial Code as adopted in the State of New York as in effect from time to time ("UCC").

2. Control. This section 2 applies before and after a Notice of Sole Control is given or an Event of Default occurs and notwithstanding section 4 below. The Company and the Pledgor agree the Account is subject to a security interest in favor of the Bank and the Bank shall have control over the Account in accordance with provisions of the UCC. The Pledgor further irrevocably directs the Company to follow all directions from the Bank to ensure its legal and operational control over the Account, including making notations in the Company's records pertaining to the Account that are necessary or appropriate to reflect the Pledge, to move Collateral from the existing Account to establish a new Account, with a new account number # 220-52818, for the purpose of holding the collateral, if need be, to style the Account to read: "JPMorgan Chase Bank, N.A. - Collateral Account for FREQUENCY ELECTRONICS, INC." or any abbreviations made by Securities Intermediary for operational purposes and/or to move the Account to any affiliates of the Bank acting as a securities intermediary, all to exercise legal and operational control over the Account as may be necessary or desirable to reflect the Pledge, in the sole discretion of the Bank. Any Account with a new account number # 220-52818, if need be, along with any and all successor Accounts, shall be included in the description of "Collateral" in the Pledge.

3. Priority of Lien/Subordination. The Company has not entered into a control agreement with respect to the Account with any other party and agrees that the Company will not do so while this Agreement is in effect. The Company does not know of any claim to or interest in the Account, except for claims and interests of the parties referred to in this Agreement. The Company further represents that the Account is not a margin account and that it will not advance margin or other credit to the Pledgor, except for credit related to the settlement of transactions in the ordinary course of business. The Company subordinates in favor of the Bank any security interest, lien or right of setoff it may have, now or in the future, against the Account or property in the Account, although the Company may retain a prior lien against the property in the Account to secure payment for property purchased for the Account and normal commissions and fees for the Account.

4. Trading Permitted; No Distributions or Liquidation. Until a Notice of Sole Control is given by the Bank to the Company, the Company may make purchases for and sales of any property held in the Account upon the instructions of the Pledgor without the consent of the Bank. After the Bank gives a Notice of Sole Control to the Company (a form of which is attached as Exhibit B), the Company shall cease complying with instructions or entitlement orders from the Pledgor and shall act only upon the instructions of the Bank. Notwithstanding the above provisions, the Company shall not at any time comply with any instructions or entitlement orders from the Pledgor to withdraw any property from the Account (including, but not limited to, proceeds of sales, income, interest, dividends and capital gains distributions) solely to the extent that, after giving effect to such withdrawal, the principal amounts outstanding under Tranche A (as defined in that certain Credit Agreement dated as of the date hereof by an between Bank and Pledgor (the "Credit Agreement")) would exceed the Loan Value of the Pledged Investments (as such terms are defined in the Credit Agreement). Until such time as the Bank gives a Notice of Sole Control, the Pledgor may direct the Company to exercise any voting rights with respect to the Account. From and after the date the Bank gives a Notice of Sole Control to the Company, the Company shall act only upon the Bank's sole written instructions or entitlement orders, without further consent of the Pledgor. The Pledgor hereby expressly authorizes the Company to act in accordance with such instructions or entitlement orders without the Pledgor's consent or concurrence. Further, the Pledgor agrees not to assert a claim or demand against the Company for complying with instructions, entitlement orders or notices received from the Bank. If not all assets in the Account are subject to the Pledge, then the assets subject to the Pledge are identified on the statement or otherwise and, to the extent that such assets do not include all assets in the Account, then the Account as used in this Agreement shall only mean such assets and proceeds. Notwithstanding any reference to a Notice of Sole Control (which shall be in a form substantially in the form of Exhibit B): (i) all transactions relating to the Account or any items therein duly consummated or processed by the Company prior to its receipt of a Notice of Sole Control (or duly commenced by the Company prior to any such receipt and so consummated or processed thereafter) shall be deemed not to constitute a violation of this Agreement; and (ii) the Company may (at its discretion and without any obligation to do so) commence honoring solely the Bank's orders concerning the Account at any time or from time to time after it becomes aware that the Bank has sent a Notice of Sole Control to the Pledgor (including without limitation reversing or redirecting any transaction referred to in clause (i) above) with no liability whatsoever to the Pledgor or any other party for doing so.

5. Fees and Reporting. All charges and expenses incident to the Account remain in full force and effect and shall continue to be the obligation of the Pledgor alone. The Pledgor expressly agrees that all income, earnings and profits with respect to the Account shall be reported for State and Federal income tax purposes as attributable to the Pledgor and not the Bank. The Pledgor authorizes the Company, the Bank, and any other person authorized to report income distributions to report all earnings and profits from the Account to any appropriate taxing authority under the Pledgor's Social Security or Taxpayer Identification Number. The Pledgor authorizes the Company, upon the Bank's direction, to send copies of all statements and confirmations for the Account to the Bank, and the Company agrees to comply with such direction.

6. Limitation of Liability. The Company undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, it being expressly understood that there are no implied duties under this Agreement. In no event shall the Company be liable, directly or indirectly, for any (i) damages or expenses arising out of services provided under this Agreement, other than damages which result from the Company's gross negligence or willful misconduct, or (ii) indirect, special or consequential damages, even if the Company has been advised of the possibility of such damages.

7. Indemnification. The Pledgor agrees to indemnify the Company, its officers and employees, and hold it and them harmless for and from all claims, losses, liabilities and expenses, including without limitation, reasonable legal fees and expenses arising from any claim of any party resulting from actions the Company takes in accordance with the provisions of this Agreement, except to the limited extent that any such claim is proximately caused by the Company's, or its officers' or employees', gross negligence or willful misconduct.

8. Account Agreement. This Agreement supplements the account agreement between the Company and the Pledgor. If there is a conflict between this Agreement and any other agreement between the Pledgor and the Company, this Agreement shall control; provided, however, that the terms of this Agreement shall not be deemed or construed to make the Bank a party to such account agreement.

9. Notice. Any notices and demands under or related to this Agreement shall be in writing and delivered to the intended party at its address or facsimile number stated below, and if to the Bank, at its main office if no other address of the Bank is specified herein, by one of the following means: (a) by hand, (b) by a nationally recognized overnight courier service, (c) by certified mail, postage prepaid, with return receipt requested, or (d) by facsimile transmission. Notice shall be deemed given: (a) upon receipt if delivered by hand, (b) on the Delivery Day after the day of deposit with a nationally recognized courier service, (c) on the third Delivery Day after the notice is deposited in the mail, or (d) when transmitted to the facsimile number specified below and a confirmation receipt is received by the sender. "Delivery Day" means a day other than a Saturday, a Sunday, or any other day on which national banking associations are authorized to be closed. Any party may change its address for purposes of the receipt of notices and demands by giving notice of such change in the manner provided in this provision.

If to the Pledgor:

FREQUENCY ELECTRONICS, INC.
Pledgor's Name

55 Charles Lindbergh Boulevard
Address

Uniondale, NY 11553
City, State ZIP

If to the Bank:

JPMorgan Chase Bank, N.A.

P.O. Box 33035, KY1-4340
Address

Louisville, KY 40232-3035
City, State ZIP

If to the Company:

J.P. Morgan Securities LLC

Attn: Manager, Margin Department
Name

Suite IL1-0291 11th Floor
420 W. Van Buren Street
Address

Chicago, IL 60606-3534
City, State ZIP

312-954-6778
Phone Number

312-954-6944
Fax Number

With a copy by fax to:
Chase Wealth Management/Brokerage
Attn: Manager
Name

1111 Polaris Parkway, Floor 2J
Address

Columbus, OH 43240-2050
City, State ZIP

800-564-4398
Fax Number

10. Termination. The Company may terminate this Agreement upon the sending of at least thirty (30) days' advance written notice to the other parties hereto. Any other termination or any amendment or waiver of this Agreement shall be effected solely by an instrument in writing executed by all the parties hereto.

11. Miscellaneous. The provisions of this Agreement shall remain in effect until the Bank gives the Company written notice to the contrary. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective legal representatives and corporate successors and assigns. If any provision of this Agreement is determined to be illegal or unenforceable, such provision shall be deemed severable from the balance of the provisions of this Agreement and the remaining provisions shall be enforceable in accordance with their terms.

[signature page immediately follows]

Bank:

JPMorgan Chase Bank, N.A.

By: /s/ Gina Franceschini

Gina Franceschini

Authorized Officer

Printed Name

Title

Pledgor:

FREQUENCY ELECTRONICS, INC.

By: /s/ Alan Miller

Alan Miller

Secretary/Treasurer and CFO

Printed Name

Title

Date Signed:

June 6, 2013

Company:

J.P. Morgan Securities LLC

By: /s/ Elizabeth Weikes

Elizabeth Weikes

Associate

Printed Name

Title

Outside Counsel Prepared

EXHIBIT A

[ATTACH CUSTOMER STATEMENT OF ACCOUNT]

EXHIBIT B

J.P. Morgan Securities LLC
Attn: Manager, Margin Department

Name

Suite IL1-0291 11th Floor
420 W. Van Buren Street

Address

Chicago, IL 60606-3534

City, State ZIP

312-954-6778

Phone Number

312-954-6944

Fax Number

With a copy by fax to:
Chase Wealth Management/Brokerage
Attn: Manager

Name

1111 Polaris Parkway, Floor 2J

Address

Columbus, OH 43240-2050

City, State ZIP

800-564-4398

Fax Number

Re: Notice of Sole Control

Ladies and Gentlemen:

Pursuant to the Control Agreement between the Pledgor and the Bank (a copy of which is attached hereto), we give you notice of our sole control over account number _____ and any property therein (the "Account") held with J.P. Morgan Securities LLC. You are instructed not to accept any instructions, entitlement orders or directions with respect to the Account from any party other than the undersigned affiliate.

We are hereby delivering a copy of this notice to FREQUENCY ELECTRONICS, INC..

THIS EXHIBIT IS EXECUTED ON: _____
Date

Bank:
JPMorgan Chase Bank, N.A.
By: _____

Printed Name Title

cc: FREQUENCY ELECTRONICS, INC.
FREQUENCY ELECTRONICS, INC.
[for internal use only: loan number(s) _____-]

