



## Frequency Electronics Increases Investment in Morion

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MITCHEL FIELD, N.Y.--(BUSINESS WIRE)--Sept. 30, 2004--Frequency Electronics, Inc. (FEI-AMEX) announced today that it has increased its investment in OAO Morion ("Morion") to 36% of the privately-held Russian company's outstanding shares. 51% of the outstanding shares are held by the European Bank for Reconstruction and Development.

Morion, located in St. Petersburg, Russia, manufactures precision quartz resonators, crystal oscillators, and crystal filters. FEI initiated a business relationship with Morion in 2000 and acquired an initial 8% ownership interest in 2002, which was increased to 19% early in 2004. FEI and Morion work closely together to develop and manufacture highly competitive, cost effective products for world-wide markets. Morion is a key supplier of quartz products for FEI's wireless and wireline systems.

For the year ended December 31, 2003, Morion reported revenue of \$7.9 million, net income of \$772,000, total assets of \$7.4 million, and stockholders' equity of \$5.5 million. Increased sales and earnings are anticipated for the year ending December 31, 2004. Commencing with its fiscal year 2005 second quarter financial statements, FEI will use the equity method to reflect its ownership interest in Morion.

### About Frequency Electronics

Frequency Electronics, Inc. is a world leader in the design, development and manufacture of high-technology frequency, timing and synchronization products for voice, video and data telecommunications delivered by satellite or terrestrial means for both commercial and DOD customers. The Company's technologies provide unique solutions that are essential building blocks for the next generation of broadband wireless and fiber optic communications systems, for critical defense applications and for the ongoing expansion of existing wireless and wireline networks. Additional information is available on FEI's website: [www.frequencyelectronics.com](http://www.frequencyelectronics.com).

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: The Statements in this press release regarding the future constitute "forward-looking" statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, inability to integrate operations and personnel, actions by significant customers or competitors, general domestic and international economic conditions, consumer spending trends, reliance on key customers, continued acceptance of the Company's products in the marketplace, competitive factors, new products and technological changes, product prices and raw material costs, dependence upon third-party vendors, competitive developments, changes in manufacturing and transportation costs, the availability of capital, and other risks detailed in the Company's periodic report filings with the Securities and Exchange Commission. By making these forward-looking statements, the Company undertakes no obligation to update these statements for revisions or changes after the date of this release.

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