



## Frequency Electronics, Inc. Announces Fiscal Year 2001 Results

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MITCHEL FIELD, N.Y.--(BUSINESS WIRE)--June 27, 2001--Frequency Electronics, Inc. (AMEX-FEI), today announced that revenues for the Fiscal Year which ended April 30, 2001 increased 85% over Fiscal 2000, and diluted earnings per share rose to \$0.67 from \$0.39 in the previous year, an increase of 72%.

For the Fourth Quarter Fiscal 2001, revenues increased 81% and earnings per share rose to \$0.20 from \$0.12 in Fiscal 2000. General Joseph Franklin, Chairman of the Board, stated: "Frequency Electronics is continuing to record excellent growth and profitability. We are very satisfied with these results and with our position in the telecommunications industry."

Revenues for Fiscal 2001 were \$49.2 million compared to \$26.5 million in Fiscal 2000. Excluding Gillam-FEI, revenues for the Company increased by 51% over the prior year to \$40.0 million. Revenues for the Fourth Quarter were \$14.3 million compared to \$7.92 million in Fiscal 2000. Net earnings for this Fiscal Year rose to \$5.64 million from \$3.14 million in the previous year, and to \$1.73 million from \$1.02 million for the respective Fourth Quarters.

The results of operations during the Fiscal Year reflect several non-recurring transactions, including \$2.8 million, net of expenses, for insurance reimbursement related to litigation which was settled during Fiscal 1998. Offsetting this income, the Company recorded a reduction in the value of certain inventory product lines, wrote down the value of certain marketable securities, and recognized charges related to the Gillam acquisition. Excluding these items, on a pro forma basis the Company would have realized net income of \$5.79 million for the year (\$0.69 diluted earnings per share) and \$1.56 million for the Fourth Quarter (\$0.18 diluted earnings per share).

During the latter part of Fiscal 2001 the telecommunications industry experienced a widely reported slowdown. The impact on the Company was mitigated by the diversity of the markets which utilize FEI's technology. In the first two months of Fiscal 2002, the Company has experienced an upturn in demand for its wireless products, both for terrestrial and space applications.

Several other notable events have occurred since the beginning of Fiscal 2002:

- The Company completed and delivered all engineering and qualification models of its microwave R/T modules for optical networks, and initial production units were released under a \$4 million production contract received in May, 2001.
- The Company signed a multi-year supply agreement with one major cellular infrastructure manufacturer, and is in the final stages of concluding a similar agreement with another large infrastructure manufacturer.
- The Company received the first shipment of products assembled in its new wholly-owned manufacturing facility, FEI-Asia, in Tianjin, China. Evaluation of these initial products was excellent. FEI-Asia has demonstrated the ability to provide high-quality products and the potential for substantial production capacity for FEI.

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

is available on FEI's website: [www.frequencyelectronics.com](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.

WEBSITE: [www.frequencyelectronics.com](http://www.frequencyelectronics.com)

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

|                                | Quarter Ended                        |           | Year Ended |           |
|--------------------------------|--------------------------------------|-----------|------------|-----------|
|                                | April 30,                            |           | April 30,  |           |
|                                | 2001                                 | 2000      | 2001       | 2000      |
|                                | ----                                 | ----      | ----       | ----      |
|                                | (unaudited)                          |           |            |           |
|                                | (in thousands except per share data) |           |            |           |
| Net Sales                      | \$14,305                             | \$ 7,918  | \$49,210   | \$26,535  |
| Cost of Sales                  | 11,710                               | 4,484     | 32,180     | 14,884    |
|                                | -----                                | -----     | -----      | -----     |
| Gross Margin                   | 2,595                                | 3,434     | 17,030     | 11,651    |
| Insurance Reimbursement        | (2,800)                              | -         | (2,576)    | -         |
| Selling and Administrative     | 1,899                                | 1,454     | 8,820      | 5,275     |
| Research and Development       | 1,347                                | 1,742     | 4,847      | 5,368     |
|                                | -----                                | -----     | -----      | -----     |
| Operating Profit               | 2,149                                | 238       | 5,939      | 1,008     |
| Interest and Other, Net        | 184                                  | 951       | 2,326      | 3,416     |
|                                | -----                                | -----     | -----      | -----     |
| Earnings before Income Taxes   | 2,333                                | 1,189     | 8,265      | 4,424     |
| Income Tax Provision           | 574                                  | 170       | 2,592      | 1,280     |
| Minority Interest              | 25                                   | -         | 29         | -         |
|                                | -----                                | -----     | -----      | -----     |
| Net Earnings                   | \$ 1,734                             | \$ 1,019  | \$ 5,644   | \$ 3,144  |
|                                | =====                                | =====     | =====      | =====     |
| Net Earnings (Loss) per Share: |                                      |           |            |           |
| Basic                          | \$ 0.21                              | \$ 0.13   | \$ 0.69    | \$ 0.41   |
|                                | =====                                | =====     | =====      | =====     |
| Diluted                        | \$ 0.20                              | \$ 0.12   | \$ 0.67    | \$ 0.39   |
|                                | =====                                | =====     | =====      | =====     |
| Average Shares Outstanding     |                                      |           |            |           |
| Basic                          | 8,289,733                            | 7,909,662 | 8,198,569  | 7,673,497 |
|                                | =====                                | =====     | =====      | =====     |
| Diluted                        | 8,457,779                            | 8,350,280 | 8,431,823  | 8,043,727 |
|                                | =====                                | =====     | =====      | =====     |

Frequency Electronics, Inc. and Subsidiaries  
Consolidated Condensed Balance Sheets

|                              | April 30,      |          |
|------------------------------|----------------|----------|
|                              | 2001           | 2000     |
|                              | ----           | ----     |
|                              | (in thousands) |          |
| ASSETS                       |                |          |
| Cash & Marketable Securities | \$ 35,528      | \$41,007 |
| Other Current Assets         | 44,606         | 26,166   |

|                                      |           |          |
|--------------------------------------|-----------|----------|
| Property, Plant & Equipment          | 11,988    | 9,040    |
| Other Assets                         | 9,996     | 4,634    |
|                                      | -----     | -----    |
|                                      | \$102,118 | \$80,847 |
|                                      | =====     | =====    |
| LIABILITIES AND STOCKHOLDERS' EQUITY |           |          |
| Current Liabilities                  | \$ 13,682 | \$ 5,008 |
| Long-term Obligations and Other      | 18,249    | 16,849   |
| Stockholders' Equity                 | 70,187    | 58,990   |
|                                      | -----     | -----    |
|                                      | \$102,118 | \$80,847 |
|                                      | =====     | =====    |

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**CONTACT:** Frequency Electronics, Inc., Mitchel Field  
 General Joseph P. Franklin, 516/794-4500