

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period ended October 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 1-8061

FREQUENCY ELECTRONICS, INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

11-1986657
(I.R.S. Employer Identification No.)

55 CHARLES LINDBERGH BLVD., MITCHEL FIELD, N.Y. 11553
(Address of principal executive offices) (Zip Code)

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12 b-2). Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of Registrant's Common Stock, par value \$1.00 as of December 9, 2004 - 8,492,877

Page 1 of 23

Frequency Electronics, Inc. and Subsidiaries

INDEX

Part I. Financial Information: Page No.

Item 1 - Financial Statements:

Condensed Consolidated Balance Sheets -
October 31, 2004 and April 30, 2004 3-4

Condensed Consolidated Statements of Operations

Six Months Ended October 31, 2004 and 2003	5
Condensed Consolidated Statements of Operations Three Months Ended October 31, 2004 and 2003	6
Condensed Consolidated Statements of Cash Flows Six Months Ended October 31, 2004 and 2003	7
Notes to Condensed Consolidated Financial Statements	8-12
Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations	12-17
Item 3- Quantitative and Qualitative Disclosures about Market Risk	17
Item 4- Controls and Procedures	18
Part II. Other Information:	
Items 1 through 5 are omitted because they are not applicable	
Item 6 - Exhibits and Reports on Form 8-K	18
Signatures	19
Exhibits	20-23

Frequency Electronics, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

	October 31, 2004 ----- (UNAUDITED)	April 30, 2004 ----- (NOTE A)
	(In thousands)	
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 3,059	\$ 5,699
Marketable securities	29,857	25,690
Accounts receivable, net of allowance for doubtful accounts of \$140	14,344	15,036
Inventories	21,336	21,925
Deferred income taxes	1,471	2,585
Income taxes receivable	-	242
Prepaid expenses and other	1,801	1,658
Total current assets	----- 71,868	----- 72,835
Property, plant and equipment, at cost, less accumulated depreciation and amortization	11,257	11,486

Deferred income taxes	618	593
Cash surrender value of life insurance	5,561	5,355
Goodwill and other Intangible assets, net	560	616
Other assets**	2,828	1,982
	-----	-----
Total assets	\$ 92,692	\$ 92,867
	=====	=====

** Other assets at April 30, 2004 have been increased by \$207,000 for the retroactive application of the equity method of accounting for the Company's investment in OAO Morion.

See accompanying notes to condensed consolidated financial statements.

Frequency Electronics, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (Continued)

	October 31, 2004 ----- (UNAUDITED)	April 30, 2004 ----- (NOTE A)
	(In thousands)	
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Short-term credit obligations	\$ 1,755	\$ 3,408
Accounts payable - trade	2,673	3,470
Accrued liabilities and other	2,704	4,106
Dividend payable	849	843
Income taxes payable	297	-
	-----	-----
Total current liabilities	8,278	11,827
Deferred compensation	6,884	6,854
REIT liability and other liabilities	10,376	10,755
	-----	-----
Total liabilities	25,538	29,436
	-----	-----
Minority interest in subsidiary	-	48
	-----	-----
Stockholders' equity:		
Preferred stock - \$1.00 par value	-	-
Common stock - \$1.00 par value	9,164	9,164
Additional paid-in capital	45,076	44,442
Retained earnings**	10,144	9,104
	-----	-----
	64,384	62,710

Common stock reacquired and held in treasury		
-at cost, 671,063 shares at October 31, 2004		
and 738,428 shares at April 30, 2004	(2,620)	(2,797)
Other stockholders' equity	(17)	(17)
Accumulated other comprehensive income	5,407	3,487
	-----	-----
Total stockholders' equity	67,154	63,383
	-----	-----
Total liabilities and stockholders' equity	\$ 92,692	\$ 92,867
	=====	=====

** Retained earnings at April 30, 2004 has been increased by \$207,000 for the retroactive application of the equity method of accounting for the Company's investment in OAO Morion.

See accompanying notes to condensed consolidated financial statements.

Frequency Electronics, Inc. and Subsidiaries

Consolidated Condensed Statements of Operations

Six Months Ended October 31,
(Unaudited)

	2004 (a)	2003 (a)
	-----	-----
	(In thousands except per share data)	
Net sales	\$32,045	\$18,779
Cost of sales	21,008	12,892
	-----	-----
Gross margin	11,037	5,887
Selling and administrative expenses	6,188	5,315
Research and development expenses	2,825	2,915
	-----	-----
Operating profit (loss)	2,024	(2,343)
Other income (expense):		
Investment income	829	1,343
Equity in Morion (a)	128	36
Interest expense	(150)	(124)
Other income (expense), net	57	(38)
	-----	-----
Income (Loss) before minority interest and provision for income taxes	2,888	(1,126)
Minority interest in loss of consolidated subsidiary	(1)	(107)
	-----	-----
Income (Loss) before provision/benefit for income taxes	2,889	(1,019)
Provision (Benefit) for income taxes	1,000	(78)
	-----	-----
Net income (loss)	\$ 1,889	\$ (941)
	=====	=====

Net income (loss) per common share		
Basic	\$ 0.22	\$ (0.11)
	=====	=====
Diluted	\$ 0.22	\$ (0.11)
	=====	=====
Average shares outstanding		
Basic	8,460,881	8,357,568
	=====	=====
Diluted	8,660,079	8,357,568
	=====	=====

(a) Prior period amounts have been restated to reflect the Company's equity income from its investment in OAO Morion

See accompanying notes to consolidated condensed financial statements.

Frequency Electronics, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
Three Months Ended October 31,
(Unaudited)

	2004	2003(a)
	----	-----
	(In thousands except per share data)	
Net sales	\$14,362	\$10,025
Cost of sales	9,103	6,705
	-----	-----
Gross margin	5,259	3,320
Selling and administrative expenses	2,895	2,778
Research and development expense	1,589	1,247
	-----	-----
Operating profit (loss)	775	(705)
Other income (expense):		
Investment income	414	597
Equity in Morion (a)	70	21
Interest expense	(72)	(65)
Other expense, net	(1)	(51)
	-----	-----
Income (Loss) before minority interest and provision for income taxes	1,186	(203)
Minority interest in loss of consolidated subsidiary	(20)	(52)
	-----	-----
Income (Loss) before provision for income taxes	1,206	(151)
Provision for income taxes	352	62
	-----	-----
Net income (loss)	\$ 854	\$ (213)
	=====	=====
Net income (loss) per common share		
Basic	\$ 0.10	\$ (0.03)

	=====	=====
Diluted	\$ 0.10	\$ (0.03)
	=====	=====
Average shares outstanding		
Basic	8,487,145	8,367,003
	=====	=====
Diluted	8,666,792	8,367,003
	=====	=====

(a) Prior period amounts have been restated to reflect the Company's equity income from its investment in OAO Morion

See accompanying notes to condensed consolidated financial statements.

Frequency Electronics, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
Six Months Ended October 31,
(Unaudited)

	2004 (a)	2003 (a)
	(In thousands)	
Cash flows from operating activities:		
Net income (loss)	\$ 1,889	\$ (941)
Non-cash charges to earnings	1,731	863
Net changes in other assets and liabilities	(759)	(3,880)
	-----	-----
Net cash provided by (used in) operating activities	2,861	(3,958)
	-----	-----
Cash flows from investing activities:		
Payment for acquisition	(830)	(2,643)
Proceeds from sale of marketable securities	1,000	7,397
Purchase of marketable securities	(2,272)	(4,879)
Purchase of fixed assets	(869)	(335)
Other - net	68	95
	-----	-----
Net cash used in investing activities	(2,903)	(365)
	-----	-----
Cash flows from financing activities:		
Proceeds from short-term credit obligations	22	1,183
Payment of cash dividend	(843)	(834)
Payment on long-term obligations	(1,864)	(315)
Other - net	74	57
	-----	-----
Net cash (used in) provided by financing activities	(2,611)	91
	-----	-----
Net decrease in cash and cash equivalents before effect of exchange rate changes	(2,653)	(4,232)
Effect of exchange rate changes on cash and cash equivalents	13	111
	-----	-----
Net decrease in cash	(2,640)	(4,121)
Cash at beginning of period	5,699	5,952
	-----	-----

Cash at end of period	\$ 3,059	\$ 1,831
	=====	=====

(a) Prior period amounts have been restated to reflect the Company's equity income from its investment in OAO Morion

See accompanying notes to condensed consolidated financial statements.

Frequency Electronics, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE A - CONSOLIDATED FINANCIAL STATEMENTS

In the opinion of management of the Company, the accompanying unaudited condensed consolidated interim financial statements reflect all adjustments (which include only normal recurring adjustments) necessary to present fairly, in all material respects, the consolidated financial position of the Company as of October 31, 2004 and the results of its operations and cash flows for the six and three months ended October 31, 2004 and 2003. The April 30, 2004 condensed consolidated balance sheet was derived from audited financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's April 30, 2004 Annual Report to Stockholders. The results of operations for such interim periods are not necessarily indicative of the operating results for the full year.

As indicated in Note I below, prior period financial statements have been restated to reflect the Company's change in accounting to the equity method for its investment in OAO Morion.

In addition, certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no effect on reported consolidated earnings.

NOTE B - EARNINGS PER SHARE

Reconciliation of the weighted average shares outstanding for basic and diluted Earnings Per Share are as follows:

	Six months		Three months	
	Periods ended October 31,			
	2004	2003	2004	2003
	----	----	----	----
Basic EPS Shares outstanding (weighted average)	8,460,881	8,357,568	8,487,145	8,367,003
Effect of Dilutive Securities	199,168	***	179,647	***
Diluted EPS Shares outstanding	8,660,079	8,357,568	8,666,792	8,367,003
	=====	=====	=====	=====

*** Dilutive securities are excluded for the six and three month periods ended October 31, 2003 since the inclusion of such shares would be antidilutive due to the net loss for the periods then ended.

Options to purchase 411,750 and 471,750 shares of common stock were outstanding during the six and three months ended October 31, 2004, respectively, but were not included in the computation of diluted earnings per share. Since the exercise price of these options was greater than the average market price of the Company's common shares during the periods, their inclusion in the computation would have been antidilutive. Consequently, these options are excluded from the computation of earnings per share.

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable at October 31 and April 30, 2004 include costs and estimated earnings in excess of billings on uncompleted contracts accounted for on the percentage of completion basis of approximately \$4,506,000 and \$2,428,000, respectively. Such amounts represent revenue recognized on long-term contracts that had not been billed at the balance sheet dates. Such amounts are billed pursuant to contract terms.

Frequency Electronics, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE D - INVENTORIES

Inventories, which are reported net of reserves of \$4,031,000 and \$3,495,000 at October 31 and April 30, 2004, respectively, consist of the following:

	October 31, 2004	April 30, 2004
	(In thousands)	
Raw materials and Component parts	\$10,782	\$ 8,608
Work in progress and Finished goods	10,554	13,317
	-----	-----
	\$21,336	\$21,925
	=====	=====

NOTE E - COMPREHENSIVE INCOME

For the six months ended October 31, 2004 and 2003, total comprehensive income was \$3,809,000 and \$180,000, respectively. Comprehensive income is composed of net income or loss for the period plus the impact of foreign currency translation adjustments and the change in the valuation allowance on marketable securities.

NOTE F - equity-based compensation

The Company applies the disclosure-only provisions of FAS 123, "Accounting for Stock-Based Compensation," as amended by FAS 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," and continues to measure compensation cost in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Historically, this has not resulted in compensation cost upon the grant of options under a qualified stock option plan. However, in accordance with FAS 123, as amended by FAS 148, the Company provides pro forma disclosures of net earnings (loss) and earnings (loss) per share as if the fair value method had been applied beginning in fiscal 1996.

The following table illustrates the effect on the Company's consolidated statements of operations had compensation cost for stock option awards under the plans been determined based on the fair value at the grant dates consistent with the provisions of FAS 123 as amended by FAS 148:

	Six months		Three months	
	Periods ended October 31,			
	2004	2003	2004	2003
	----	----	----	----
	(In thousands except per share data)			
Net income (loss), as reported	\$ 1,889	\$ (941)	\$ 854	\$ (213)
Cost of stock options, net of tax	(341)	(354)	(145)	(177)
	-----	-----	-----	-----
Net income (loss)- pro forma	\$ 1,548	\$ (1,295)	\$ 709	\$ (390)
	=====	=====	=====	=====
Net income (loss) per share, as reported:				
Basic	\$ 0.22	\$ (0.11)	\$ 0.10	\$ (0.03)
	=====	=====	=====	=====
Diluted	\$ 0.22	\$ (0.11)	\$ 0.10	\$ (0.03)
	=====	=====	=====	=====
Net income (loss) per share- pro forma:				
Basic	\$ 0.18	\$ (0.15)	\$ 0.08	\$ (0.05)
	=====	=====	=====	=====

Diluted	\$ 0.18	\$ (0.15)	\$ 0.08	\$ (0.05)
	=====	=====	=====	=====

The weighted average fair value of each option has been estimated on the date of grant using the Black-Scholes options pricing model with the following weighted average assumptions used for grants in fiscal year 2004: dividend yield of 1.83%; expected volatility of 63%; risk free interest rate of 5.5%; and expected lives of ten years.

Frequency Electronics, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE G - SEGMENT INFORMATION

The Company operates under four reportable segments:

1. Commercial communications - consists principally of time and frequency control products used in commercial communication satellites and terrestrial cellular telephone or other ground-based telecommunications.
2. U.S. Government - consists of time and frequency control products used in terrestrial and space applications by the Department of Defense and other U.S. government agencies.
3. Gillam-FEI - the products of the Company's Belgian subsidiary consist primarily of wireline synchronization and network monitoring systems.
4. FEI-Zyfer - the products of the Company's subsidiary incorporate Global Positioning System (GPS) technologies into systems and subsystems for secure communications, both government and commercial, and other locator applications.

The table below presents information about reported segments with reconciliation of segment amounts to consolidated amounts as reported in the statement of operations or the balance sheet for each of the periods (in thousands):

	Six months		Three months	
	2004	2003	Periods ended October 31,	
	----	----	----	----
Net sales:				
Commercial Communications	\$20,121	\$10,696	\$ 8,807	\$ 5,827
U.S. Government	3,315	3,658	1,574	2,014
Gillam-FEI	5,032	2,527	2,292	1,180
FEI-Zyfer	4,177	1,968	2,143	1,056
less intersegment sales	(600)	(70)	(454)	(52)
	-----	-----	-----	-----
Consolidated sales	\$32,045	\$18,779	\$14,362	\$10,025
	=====	=====	=====	=====

Note- Certain prior period segment sales amounts have been adjusted to conform to the presentation in the current fiscal year.

Operating profit (loss):				
Commercial Communications	\$ 3,411	\$ 273	\$ 1,447	\$ 547
U.S. Government	(399)	328	(319)	257
Gillam-FEI	(839)	(1,587)	(342)	(728)
FEI-Zyfer	120	(1,009)	158	(531)
less intercompany transactions	-	(122)	-	(115)
Corporate	(269)	(226)	(169)	(135)
	-----	-----	-----	-----
Consolidated operating profit (loss)	\$ 2,024	\$ (2,343)	\$ 775	\$ (705)
	=====	=====	=====	=====

	October 31, 2004	April 30, 2004
	-----	-----
Identifiable assets:		
Commercial Communications	\$23,374	\$22,988
U.S. Government	5,998	5,189
Gillam-FEI	12,464	14,904
FEI-Zyfer	5,040	5,541
less intercompany balances	(5,987)	(5,673)
Corporate	51,803	49,918

Consolidated identifiable assets	----- \$92,692 =====	----- \$92,867 =====
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Frequency Electronics, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE H - ACQUISITION OF FEI-ZYFER

On May 9, 2003, the Company acquired the business and net assets of Zyfer, Inc., a wholly-owned subsidiary of Odetics, Inc., in a cash transaction. The business of the subsidiary, FEI-Zyfer, Inc., is the design and manufacture of products for precision time and frequency generation and synchronization, primarily incorporating GPS technology.

The Company paid \$2.3 million at closing, plus acquisition costs of approximately \$400,000. According to the terms of the purchase agreement, the Company is required to make additional payments up to a maximum of \$1 million in each of fiscal years 2004 and 2005 if FEI-Zyfer achieves certain revenue levels in those years. The contingent payments are based on a percentage of revenues in excess of \$6 million in fiscal year 2004 and as a percentage of revenues in excess of \$8 million in fiscal year 2005. The acquired business recorded revenue of \$6.5 million for the year ended April 30, 2004. Accordingly, the Company paid the former owners an additional \$135,000 and recorded goodwill in the same amount.

The FEI-Zyfer acquisition is treated as a purchase acquisition. The purchase price (exclusive of the contingent payment noted above) has been allocated to net assets acquired of approximately \$1.8 million. The purchase price in excess of net assets acquired, approximately \$900,000, has been allocated to fixed assets (\$300,000) and to customer lists (\$600,000) which will be amortized over the next 3 to 5 years. Amortization expense for the six and three months ended October 31, 2004 was \$51,000 and \$26,000, respectively. No amortization expense was recorded during the first half of fiscal year 2004 since the Company had not yet completed the process of determining the appropriate allocation of the purchase price.

The accompanying condensed consolidated statements of operations for the six- and three-month periods ended October 31, 2003, includes the results of operations of FEI-Zyfer from May 9, 2003 through October 31, 2003. The pro forma financial information set forth below is based upon the Company's historical consolidated statements of operations for the six and three months ended October 31, 2003, adjusted to give effect to the acquisition of FEI-Zyfer as of the beginning of the periods.

The pro forma financial information is presented for informational purposes only and may not be indicative of what actual results of operations would have been had the acquisition occurred on May 1, 2003, nor does it purport to represent the results of operations for future periods.

Pro forma periods ended October 31, 2003
(unaudited)

	Six months (In thousands except per share data)	Three months
Net sales	\$18,880 -----	\$10,025 -----
Operating loss	\$ (2,423) -----	\$ (705) -----
Loss from continuing operations	\$ (1,000) =====	\$ (215) =====
Loss per share- basic	\$ (0.12) =====	\$ (0.03) =====
Loss per share- diluted	\$ (0.12) =====	\$ (0.03) =====

Frequency Electronics, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE I - INVESTMENT IN MORION, INC.

In September 2004, the Company increased its investment in OAO Morion ("Morion") from 19.8% to 36% of the privately-held Russian company's outstanding shares. The acquisition was accomplished through a combination of cash and the issuance of 42,488 shares of the Company's common stock.

As a result of the increased ownership of Morion, the Company changed its method of carrying the investment from cost to equity as required by generally accepted accounting principles. Under the equity method, the Company records its proportionate share of the earnings of Morion. The effect of the change for the six and three month periods ended October 31, 2004, was to increase income before provision for income taxes and net income by \$128,000 (\$0.02 per diluted share) and \$70,000 (\$0.01 per diluted share), respectively. The financial statements for the six and three months ended October 31, 2003 have been restated for the change which resulted in a decrease in the loss before income taxes and the net loss by \$36,000 (\$0.01 per share) and \$21,000 (less than 1 cent per share), respectively. Retained earnings as of the beginning of fiscal year 2005 has been increased by \$207,000 for the effect of retroactive application of the equity method.

At October 31, 2004 and 2003, the Company's share of the underlying net assets of Morion exceeded the investment by \$695,000 and \$70,000, respectively. The excess relates to certain property, plant and equipment and is being amortized into income by increasing the Company's share of Morion's net income. The Company uses the straightline method to amortize the excess over the remaining useful lives of the property, plant and equipment.

Note J - Recently Issued Accounting Pronouncements

The Company has evaluated all recent accounting pronouncements and their related effective dates. The adoption of these statements did not have a material impact on the Company's financial position, results of operations or cash flows.

Item 2

Management's Discussion and Analysis of Financial Condition and
Results of Operations

"Safe Harbor" Statement under the Private Securities Litigation
Reform Act of 1995:

The statements in this quarterly report on Form 10Q regarding future earnings and operations and other statements relating to the future constitute "forward-looking" statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products in the marketplace, competitive factors, new products and technological changes, product prices and raw material costs, dependence upon third-party vendors, competitive developments, changes in manufacturing and transportation costs, changes in contractual terms, 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 report.

Critical Accounting Policies and Estimates

The Company's significant accounting policies are described in Note 1 to the consolidated financial statements included in the Company's April 30, 2004 Annual Report to Stockholders. The Company believes its most critical accounting policies to be the recognition of revenue and costs on production contracts and the valuation of inventory. Each of these areas requires the Company to make use of reasoned estimates including estimating the cost to complete a contract, the realizable value of its inventory or the market value of its products. Changes in estimates can have a material impact on the Company's financial position and results of operations.

Revenue Recognition

Revenues under larger, long-term contracts, generally defined as orders in excess of \$100,000, are reported in operating results using the percentage of completion method. For U.S. Government and other fixed-price contracts that require initial design and development of the product, revenue is recognized on the cost-to-cost method. Under this method, revenue is recorded based upon the ratio that incurred costs bear to total estimated contract costs with related cost of sales recorded as the costs are incurred. Each month management reviews estimated contract costs. The effect of any change in the estimated gross margin percentage for a contract is reflected in revenues in the period in which the change is known. Provisions for anticipated losses on contracts are made in the period in which they become determinable.

On production-type contracts, revenue is recorded as units are delivered with the related cost of sales recognized on each shipment based upon a percentage of estimated final contract costs. Changes in job performance may result in revisions to costs and income and are recognized in the period in which revisions are determined to be required. Provisions for anticipated losses on contracts are made in the period in which they become determinable.

For contracts in the Company's Gillam-FEI and FEI-Zyfer segments, smaller contracts or orders in the other business segments and sales of products and services to customers are reported in operating results based upon shipment of the product or performance of the services pursuant to contractual terms. When payment is contingent upon customer acceptance of the installed system, revenue is deferred until such acceptance is received and installation completed.

Costs and Expenses

Contract costs include all direct material, direct labor, manufacturing overhead and other direct costs related to contract performance. Selling, general and administrative costs are charged to expense as incurred.

Inventory

In accordance with industry practice, inventoried costs contain amounts relating to contracts and programs with long production cycles, a portion of which will not be realized within one year. Inventory reserves are established for slow-moving and obsolete items and are based upon management's experience and expectations for future business. Any changes in reserves arising from revised expectations are reflected in cost of sales in the period the revision is made.

Change in Accounting

In September 2004, the Company increased its investment in OAO Morion ("Morion") from 19.8% to 36% of the privately-held Russian company's outstanding shares. Accordingly, the Company changed its method of carrying the investment from cost to equity as required by generally accepted accounting principles. Under the equity method, the Company records its proportionate share of the earnings of Morion. In addition, certain amounts in prior period financial statements have been adjusted for the retroactive application of the equity method since the inception of the Company's investment in Morion.

Frequency Electronics, Inc. and Subsidiaries
(Continued)

RESULTS OF OPERATIONS

The table below sets forth for the respective periods of fiscal years 2005 and 2004 the percentage of consolidated net sales represented by certain items in the Company's consolidated statements of operations:

	Six months		Three months	
	Periods ended October 31,			
	2004	2003	2004	2003
	----	----	----	----
Net Sales				
Commercial Communications	62.8%	57.0%	61.3%	58.1%
U.S. Government	10.3	19.5	11.0	20.1
Gillam-FEI	15.7	13.4	16.0	11.8
FEI-Zyfer	13.0	10.5	14.9	10.5
Less intersegment sales	(1.8)	(0.4)	(3.2)	(0.5)
	-----	-----	-----	-----
	100.0	100.0	100.0	100.0
Cost of Sales	65.6	68.7	63.4	66.9
	-----	-----	-----	-----
Gross Margin	34.4	31.3	36.6	33.1
Selling and administrative expenses	19.3	28.3	20.1	27.7
Research and development expenses	8.8	15.5	11.1	12.4
	-----	-----	-----	-----
Operating Profit (Loss)	6.3	(12.5)	5.4	(7.0)
Other income, net & Minority interest	2.7	7.1	3.0	5.5
	-----	-----	-----	-----
Pretax Income (Loss)	9.0	(5.4)	8.4	(1.5)
Provision (Benefit) for income taxes	3.1	(0.4)	2.5	0.6
	-----	-----	-----	-----
Net Income (Loss)	5.9%	(5.0)%	5.9%	(2.1)%
	=====	=====	=====	=====

For the six months ended October 31, 2004, the operating profit of \$2.0 million increased by \$4.4 million over the loss of \$2.3 million for the same period ended October 31, 2003. Net income for the first six months of fiscal year 2005 was \$1.9 million, an increase of \$2.8 million over the net loss of \$941,000 reported in the same period of fiscal year 2004. This substantial improvement in operating results is due to the over 70% increase in revenue in fiscal year 2005 compared to the first half of fiscal year 2004 which reflects the continuation of the improving telecommunications market that began in the second half of last fiscal year.

Net sales for the six and three months ended October 31, 2004, increased by \$13.2 million (71%) and \$4.3 million (43%), respectively, from the same periods of fiscal year 2004. On a segment by segment basis, the comparison of revenues for the six and three month periods ended October 31, 2004 to the comparable periods of fiscal year 2004 were as follows: Commercial Communications revenues increased by \$9.4 million (88%) and \$3.0 million (51%), respectively; US Government revenues decreased by \$343,000 (9%) and \$440,000 (22%), respectively; Gillam-FEI revenues increased by \$2.5 million (99%) and \$1.1 million (94%), respectively; and FEI-Zyfer revenues increased by \$2.2 million (112%) and \$1.1 million (103%), respectively. In addition, intersegment sales, principally from the Commercial Communications segment to other segments, increased by \$530,000 (757%) and \$402,000 (773%), respectively.

Commercial Communications revenues reflect growth in capital spending in the wireless infrastructure industry as well as increases in commercial communication satellite activity, both of which began in the last half of fiscal year 2004. The pace of increased capital spending slowed during the Company's second quarter of fiscal year 2005 with a consequent sequential decrease in revenue from the levels achieved in the fourth quarter of fiscal year 2004 and the first quarter of fiscal year 2005. However, the Company expects the wireless industry to continue to invest in infrastructure with greater activity anticipated in calendar year 2005 during the Company's fiscal year fourth quarter and into fiscal year 2006. During the second quarter of fiscal year 2005, the Company also recorded revenue of approximately \$750,000 related to certain pricing adjustments with a customer. In addition, the Company's FEI-Asia subsidiary realized increased revenues on sales to both third parties and to support other subsidiaries of the Company.

US Government segment revenues declined as the Company continued work on several developmental, pre-production programs under US Government contracts. The Company expects to be awarded initial low-rate production orders on these programs in fiscal year 2006. Gillam-FEI revenues reflect the improvement in telecommunications infrastructure spending in Europe. The Company expects to realize continued year-over-year improvement in the revenues from this segment. Revenues for the FEI-Zyfer segment reflect the Company's contribution to that segment's financial condition after it was acquired in May 2003. With parent-company support, FEI-Zyfer was able to establish credibility with former customers and to develop new customers. Increased revenues are anticipated from this segment although the quarterly growth comparisons to fiscal year 2004 will not be as significant since FEI-Zyfer began to realize greater sales in the second half of the prior fiscal year. Actual quarterly results for each segment are dependent on the timing of the release of customer orders and contracts.

Gross margin rates for the six and three months ended October 31, 2004, improved to 34.4% and 36.6%, respectively, from 31.3% and 33.1%, respectively, in the same periods of fiscal year 2004. The improvement is attributable to increased sales which were able to absorb a greater amount of fixed costs. In particular, during the second quarter of fiscal year 2005, the Company's FEI-Asia subsidiary, on the strength of increased revenues, as noted above, realized its first positive gross and operating margins since its inception. This factor accounted for approximately 2% of the Company's consolidated gross margin improvement. Gross margin rates are lower than the Company's target of 40% because margins on initial and early stage development US Government contracts are generally lower than production orders and margins realized by Gillam-FEI are historically lower due to higher labor and social service costs. With continued strong sales, the Company expects to realize gross margin rates in future periods which are comparable to the most recent fiscal quarter.

Selling and administrative costs for the six and three months ended October 31, 2004, increased by \$873,000 (16%) and \$117,000 (4%) over the same periods of fiscal year 2004. Most of the increase is attributable to increased personnel costs both in terms of increased headcount as well as accruals for incentive compensation plans due to improving profitability. Additional increases were experienced in selling and marketing expenses, including higher sales commissions as a result of increased sales. These cost increases were partially offset by a 10% decrease in selling and administrative expenses at Gillam-FEI following the restructuring process that was completed during the last fiscal year. During the second quarter of fiscal year 2004, Gillam-FEI recorded a restructuring charge of \$126,000, which amount was included in selling and administrative expense in that period. The ratio of selling and administrative costs to net sales for the first half of fiscal year 2005 was 19.3% which met the Company's target of a ratio which is less than 20% of revenues. This is the result both of increased revenue levels and cost containment activities. In future quarters of fiscal year 2005, the Company expects to continue to achieve its targeted ratio of costs to sales.

Research and development spending in the six months ended October 31, 2004 decreased by \$90,000 (3%) compared to the same period of fiscal year 2004 and increased by \$342,000 (27%) compared to the three months ended October 31, 2003. This level of spending continues to reflect the application of certain developmental resources on funded research contracts rather than internal research and development efforts, the costs of which are borne by the Company. The costs of those resources assigned to funded programs are reflected in cost of sales rather than in research and development expense. During the second quarter of fiscal year 2005, more resources were applied to internal research and development activities than in previous quarters. During fiscal year 2005, the Company's efforts are focused on the final phases of the development of Gillam-FEI's next generation wireline signal synchronization unit (designated "US5G"), developing a digital rubidium oscillator, and further improving the performance of crystal oscillators, including low-g (gravity) sensitivity crystal oscillators which have broad applications in both commercial and US Government systems. The Company targets research and development spending at approximately 10% of sales, but the rate of spending can increase or decrease from quarter to quarter as new projects are identified and others are concluded. The Company will continue to devote significant resources to develop new products, enhance existing products and implement efficient manufacturing processes. Where possible, the Company attempts to obtain development contracts from its customers. For programs without such funding, internally generated cash and cash reserves are adequate to fund these development efforts.

(Continued)

Net nonoperating income and expense decreased by \$353,000 (29%) and \$91,000 (18%) in the six and three month periods ended October 31, 2004 compared to the same periods of fiscal year 2004. Included in this category is the Company's equity from the earnings of Morion. The Company commenced recording its share of Morion's earnings upon the increase of its ownership interest in Morion from 19% to 36% during the quarter ended October 31, 2004. All prior period financial statements have been restated to report the Company's equity income from the time of its original investment in Morion. For the six and three month periods ended October 31, 2004, equity in Morion's earnings increased by \$92,000 (256%) and \$49,000 (233%) compared to the same periods of fiscal year 2004. These increases are attributable both to the Company's increased ownership percentage (from 9% to 19%) as well as improved profitability at Morion resulting from increased sales.

Other components of nonoperating income and expense include investment income, interest expense and other income (expense), net. Investment income decreased by \$514,000 (38%) and \$183,000 (31%) during the six and three months ended October 31, 2004 compared to the same periods of fiscal year 2004. The decline is principally due to realized gains of approximately \$483,000 and \$178,000 recorded in the year-ago periods compared to no gains or losses reported in the fiscal year 2005 periods. For the six and three month periods ended October 31, 2004, interest expense increased by \$26,000 (21%) and \$7,000 (11%) compared to the same periods of fiscal year 2004. This increase reflects increases in the short-term borrowing requirements of the Company. Other income (expense), net, increased by \$95,000 and \$50,000 during the six and three-month periods ended October 31, 2004 compared to the same periods of fiscal year 2004. This increase is the result of two events during fiscal year 2005 at the Company's French subsidiary: a governmental grant received in the first quarter and recovery of value added taxes during the second quarter of the year. Other income (expense), net, consists principally of certain non-recurring transactions and is generally not significant to net income.

The Company is subject to taxation in several countries as well as the states of New York and California. The statutory federal rates vary from 34% in the United States to 35% in Europe. Tax losses originating at the Company's European and Asian subsidiaries are not consolidated with US source income which, when combined with US state taxes, contributes to a higher effective tax rate. The availability of Research and Development tax credits partially offset US-based taxes. The Company's European subsidiaries have available net operating loss carryforwards of approximately \$2.6 million to offset future taxable income.

LIQUIDITY AND CAPITAL RESOURCES

The Company's balance sheet continues to reflect a strong working capital position of \$64 million at October 31, 2004, which is comparable to working capital at April 30, 2004. Included in working capital at October 31, 2004 is \$32.9 million of cash, cash equivalents and marketable securities, including \$14.7 million of REIT units that are convertible to Reckson Associates Realty Corp. common stock.

Net cash provided by operating activities for the six months ended October 31, 2004, was \$2.9 million compared to \$4.0 million used in operations in the comparable fiscal year 2004 period. This significant improvement in cash flows is due to the return to profitability in fiscal year 2005 plus collections on accounts receivable which was partially offset by payments on accounts payable and accrued liabilities. In the first half of fiscal year 2004, approximately \$1.8 million was used to support the operations of the Company's new subsidiary, FEI-Zyfer. In the first six months of fiscal year 2005, FEI-Zyfer generated positive cash flow from operations. The Company expects that it will continue to generate positive cash flow from operating activities during fiscal year 2005.

Net cash used in investing activities for the six months ended October 31, 2004, was \$2.9 million compared to \$365,000 for the same period of fiscal year 2004. During the second quarter of fiscal year 2005, the Company acquired an additional 16% interest in Morion, Inc. and the remaining 14% of its French subsidiary it did not already own, for an aggregate cash payment of \$830,000. Additional cash was used to acquire certain marketable securities aggregating \$1.7 million, net of sales of other marketable securities. The Company also purchased capital equipment for approximately \$870,000. The Company may continue to acquire or sell marketable securities as dictated by its investment strategies as well as by the cash requirements for its development activities.

Requirements for additional capital equipment are expected to be less than \$2.0

Frequency Electronics, Inc. and Subsidiaries
(Continued)

million during fiscal year 2005. Internally generated cash will be adequate to acquire this capital equipment.

Net cash used in financing activities for the six months ended October 31, 2004, was \$2.6 million compared to cash provided by financing activities in the amount of \$91,000 during the comparable fiscal year 2004 period. Included in both fiscal periods is payment of the Company's semiannual dividend in the amount of \$843,000 and \$834,000, respectively. During fiscal year 2004, the Company took advantage of the low interest rate environment and borrowed \$2.7 million against a credit line which is secured by a substantial portion of the Company's portfolio of marketable securities. During the first six months of fiscal year 2005, the Company repaid \$1.0 million of this credit line and made other scheduled payments against debt and other obligations of \$864,000.

At October 31, 2004, the Company's backlog amounted to approximately \$29 million compared to the approximately \$36 million backlog at April 30, 2004. Of this backlog, approximately 80% is realizable in the next twelve months.

Item 3.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

The Company is exposed to market risk related to changes in interest rates and market values of securities, including participation units in the Reckson Operating Partnership, L.P. The Company's investments in fixed income and equity securities were \$15.1 million and \$14.8 million, respectively, at October 31, 2004. The investments are carried at fair value with changes in unrealized gains and losses recorded as adjustments to stockholders' equity. The fair value of investments in marketable securities is generally based on quoted market prices. Typically, the fair market value of investments in fixed interest rate debt securities will increase as interest rates fall and decrease as interest rates rise. Based on the Company's overall interest rate exposure at October 31, 2004, a 10% change in market interest rates would not have a material effect on the fair value of the Company's fixed income securities or results of operations.

Foreign Currency Risk

The Company is subject to foreign currency translation risk. The Company does not have any near-term intentions to repatriate invested cash in any of its foreign-based subsidiaries. For this reason, the Company does not intend to initiate any exchange rate hedging strategies which could be used to mitigate the effects of foreign currency fluctuations. The effects of foreign currency rate fluctuations will be recorded in the equity section of the balance sheet as a component of other comprehensive income. As of October 31, 2004, the amount related to foreign currency exchange rates is a \$3,746,000 unrealized gain. Note that the value of the Chinese Yuan is "pegged" to the value of the US dollar. Accordingly, no foreign currency gains or losses have been realized or are included in the unrealized gain indicated above. If the Chinese government decides to change its policy and permits the Yuan to "float" against other world currencies, the Company would report the effect in other comprehensive income, as appropriate.

The results of operations of foreign subsidiaries, when translated into US dollars, will reflect the average rates of exchange for the periods presented. As a result, similar results of operations measured in local currencies can vary significantly upon translation into US dollars if exchange rates fluctuate significantly from one period to the next.

Frequency Electronics, Inc. and Subsidiaries
(Continued)

Item 4.

Controls and Procedures

Disclosure Controls and Procedures.

The Company's management, with the participation of the Company's chief executive officer and chief financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company's chief executive officer and chief financial officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act.

Internal Control Over Financial Reporting.

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

ITEMS 1 through 5 are omitted because they are not applicable.

ITEM 6 - Exhibits and Reports on Form 8-K

(a) Exhibits:

- 31.1 - Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 - Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 - Certification by the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 - Certification by the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K-

Form 8-K, dated September 7, 2004, containing disclosure under Item 4.01 (Changes in Registrant's Certifying Accountant), was filed with the Securities and Exchange Commission on September 10, 2004.

Form 8-K, dated September 30, 2004, containing disclosure under Item 8.01 (Declaration of Semi-annual Dividend), was filed with the Securities and Exchange Commission on October 5, 2004.

SIGNATURES

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, thereunto duly authorized.

FREQUENCY ELECTRONICS, INC.
(Registrant)

Date: December 14, 2004

BY /s/ Alan Miller

Alan Miller
Chief Financial Officer
and Controller

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

Certification of CEO

I, Martin B. Bloch, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Frequency Electronics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Martin Bloch

December 14, 2004

Martin B. Bloch
Chief Executive Officer

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

Certification of CFO

I, Alan L. Miller, Chief Financial Officer, certify that

1. I have reviewed this quarterly report on Form 10-Q of Frequency Electronics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Alan Miller

December 14, 2004

Alan L. Miller
Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Certification of CEO

In connection with the Quarterly Report of Frequency Electronics, Inc. (the "Company") on Form 10-Q for the period ended October 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Martin B. Bloch, Chief Executive Officer of the Company, certify, pursuant to Section 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Martin Bloch

December 14, 2004

Martin B. Bloch
Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Certification of CFO

In connection with the Quarterly Report of Frequency Electronics, Inc. (the "Company") on Form 10-Q for the period ended October 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alan L. Miller, Chief Financial Officer of the Company, certify, pursuant to Section 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Alan Miller

December 14, 2004

Alan L. Miller
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.