SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10Q

(Mark one)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the Quarterly Period ended January 31, 1997

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	11-1986657
(State or other jurisdiction of incorporation or organization)	(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 X No __

APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of Registrant's Common Stock, par value $1.00 as of March 10, 1997 - 4,942,988.

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

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See accompanying notes to consolidated condensed financial statements.

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

Consolidated Condensed Balance Sheets

	January 31, 1997 (UNAUDITED)	April 30, 1996 (NOTE A)
	(In thousands)	
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 2,892	$15,915
Marketable securities	20,869	5,632
Accounts receivable, net (NOTE B)	14,233	13,415
Inventories (NOTE C)	10,966	10,281
Prepaid and other	1,797	1,026
Total current assets	50,757	46,269
Property, plant and equipment, net	8,633	8,839
Investment in direct finance lease	9,681	9,607
Other assets	4,114	4,055
Total assets	$73,185	$68,770

See accompanying notes to consolidated condensed financial statements.

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

Consolidated Condensed Balance Sheets (Continued)

	January 31, 1997 (UNAUDITED)	April 30, 1996 (NOTE A)
	(In thousands)	
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Current maturities of long-term debt	$ 9,750	$ 750
Accounts payable - trade	1,454	1,379
Accrued liabilities and other	2,377	2,341
Total current liabilities	13,581	4,470
Long term debt net of current maturities	1,875	11,438
Other	3,767	3,439
Total liabilities	19,223	19,347
Stockholders' equity:		
Preferred stock - $1.00 par value	-0-	-0-
Common stock - $1.00 par value	6,006	6,006
Additional paid - in capital	35,149	35,024
Retained earnings	19,756	16,265
	60,911	57,295
Common stock reacquired and held in treasury - at cost, 1,063,312 shares at January 31, 1997 and 1,159,905 shares at April 30, 1996	(4,795)	(5,075)
Unamortized ESOP debt	(1,625)	(2,000)
Notes receivable - common stock	(583)	(740)
Unrealized holding gain	150	56
Unearned compensation	(96)	(113)
Total stockholders' equity	53,962	49,423
Total liabilities and stockholders' equity	$73,185	$68,770

See accompanying notes to consolidated condensed financial statements.

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

Consolidated Condensed Statements of Operations

Nine Months Ended January 31,
(Unaudited)

	1997	1996
	(In thousands except per share data)	
Net Sales	$ 20,258	$ 17,427
Cost of sales	12,906	11,887
Selling and administrative expenses	4,251	4,449
Research and development expenses	1,189	610
Total operating expenses	18,346	16,946
Operating profit	1,912	481
Other income (expense):		
Interest income	1,133	985
Interest expense	(660)	(749)
Other income, net	1,336	1,486
Earnings before provision for income taxes	3,721	2,203
Income tax provision	230	63
Net earnings	$ 3,491	$ 2,140
Net earnings per common share	$ 0.72	$ 0.43
Weighted average common shares outstanding	4,831,209	5,003,256

See accompanying notes to consolidated condensed financial statements.

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

Consolidated Condensed Statements of Operations

Three Months Ended January 31,
(Unaudited)

	1997	1996
	(In thousands except per share data)	
Net Sales	$ 7,558	$ 6,513
Cost of sales	4,838	4,289
Selling and administrative expenses	1,459	1,545
Research and development expenses	548	309
Total operating expenses	6,845	6,143
Operating profit	713	370
Other income (expense)		
Interest income	420	332
Interest expense	(217)	(260)
Other income, net	526	492
Earnings before provision for income taxes	1,442	934
Income tax provision	100	21
Net earnings	$ 1,342	$ 913
Net earnings per common share	$ 0.27	$ 0.19
Weighted average common shares outstanding	4,908,290	4,928,711

See accompanying notes to consolidated condensed financial statements.

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

Consolidated Condensed Statements of Cash Flows

Nine Months Ended January 31,
(Unaudited)

	1997	1996
	(In thousands)	
Cash flows from operating activities:		
Net earnings	$ 3,491	$ 2,140
Non-cash charges to earnings	1,333	1,248
Net changes in assets and liabilities	(2,226)	535
Net cash provided by operating activities	2,598	3,923
Cash flows from investing activities:		
(Purchase) sale of marketable securities	(15,073)	5,851
Other - net	(287)	464
Net cash provided by (used in) investing activities	(15,360)	6,315
Net cash used in financing activities	(261)	(1,235)
Net increase (decrease) in cash	(13,023)	9,003
Cash and cash equivalents at beginning of period	15,915	4,291
Cash and cash equivalents at end of period	$ 2,892	$13,294

See accompanying notes to consolidated condensed financial statements.

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements
(Unaudited)

NOTE A - CONSOLIDATED FINANCIAL STATEMENTS

In the opinion of management of the Company, the accompanying unaudited consolidated condensed 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 January 31, 1997 and the results of its operations for the three and nine months ended January 31, 1997 and 1996 and its cash flows for the nine months ended January 31, 1997 and 1996. The April 30, 1996 consolidated condensed 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 consolidated condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's April 30, 1996 Annual Report to Stockholders. The results of operations for such interim periods are not necessarily indicative of the operating results for the full year.

NOTE B - ACCOUNTS RECEIVABLE

Accounts receivable at January 31, 1997 and April 30, 1996 include costs and estimated earnings in excess of billings on uncompleted contracts accounted for on the percentage of completion basis of approximately $8,326,000 and $5,315,000, 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.

NOTE C - INVENTORIES

Inventories, which are reported net of reserves of $940,000 at January 31, 1997 and April 30, 1996, consist of the following:

	January 31, 1997	April 30, 1996
	(In thousands)	
Raw materials and Component parts	$ 2,149	$ 1,998
Work in progress	8,817	8,283
	$10,966	$10,281

Item 2

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

RESULTS OF OPERATIONS

Comparative details of results of operations for the three and nine months ended January 31:

(Dollar amounts in thousands)

	Three months ended January 31, 1997	1996	% change	Nine months ended January 31, 1997	1996	% change
Net Sales						
Commercial	$ 5,694	$ 3,074	85%	$14,161	$ 6,962	103%
US Government	1,864	3,439	(46%)	6,097	10,465	(42%)
	7,558	6,513	16%	20,258	17,427	16%
Cost of Sales	4,838	4,289	13%	12,906	11,887	9%
Selling and administrative expenses:	1,459	1,545	(6%)	4,251	4,449	(4%)
Research and development expenses:	548	309	77%	1,189	610	95%
Operating income	713	370	93%	1,912	481	298%
Nonoperating income- net .	729	564	29%	1,809	1,722	5%
Net earnings	$ 1,342	$ 913	47%	$ 3,491	$ 2,140	63%

For the nine months ended January 31, 1997, operating income improved by $1.43 million over the comparable period of fiscal 1996 and net earnings increased by $1.35 million. Operating income for the fiscal quarter ended January 31, 1997 improved by $343,000 over the comparable period of fiscal 1996; net earnings increased by $429,000. These results were achieved through increases in sales of 16%, coupled with improved margins and reduced costs relative to sales over the comparable fiscal 1996 periods.

As illustrated in the table above, commercial sales continue to grow, increasing by 85% and 103%, respectively, in the 1997 periods over the comparable 1996 periods. As a percentage of total sales, commercial sales have increased to 75% in the three months ended January 31, 1997 from 47% in the comparable 1996 quarter; and to 70% for the nine months ended January 31, 1997 from 40% for the comparable 1996 period. The Company anticipates that commercial sales will continue to be the dominant portion of its business for the balance of the fiscal year and for the foreseeable future.

Gross margins for the three and nine months ended January 31, 1997 have increased to 36% as compared to 34% and 32% for the respective 1996 periods. These results were obtained as a result of meaningful cost reductions which became fully operative in the second quarter of fiscal 1996. Cost savings were realized primarily in the areas of

RESULTS OF OPERATIONS (con't.)

personnel and compensation coupled with operational efficiencies and product mix. With continuing strong commercial business based on recent contract bookings, the Company expects to realize similar if not improved profit margins for the remainder of fiscal 1997.

Selling and administrative costs decreased by $86,000 or 6% for the quarter ended January 31, 1997, and by $198,000 (4%) for the nine month period then ended over the comparable 1996 periods. This was due principally to the benefits of the Company's cost reduction program which became fully operative in the second quarter of the 1996 fiscal year and reduced legal fees related to the Company's on-going litigation with the US government. Cost savings were partially offset during the fiscal 1997 periods by accruals for incentive bonuses which may result from the Company's increased profitability.

Research and development costs in the fiscal 1997 periods increased by $239,000 and $579,000, respectively, over the comparable three-month and nine-month periods ended January 31, 1996. These increases are the result of intensified efforts to develop new products and to enhance functional capabilities of existing products which will serve primarily the Company's commercial customers. The 1997 third quarter research and development expenses also reflects expensing of certain residual materials and costs from the Company's successful commercial rubidium development efforts. Without such expenses, research and development expenses would have increased by 11% and 61%, respectively, over the comparable fiscal 1996 periods. The Company expects to continue to invest in research and development at approximately the same rate for the balance of 1997 and for the foreseeable future.

Nonoperating income, net of nonoperating expenses, increased by $165,000 and $87,000, respectively, in the three months and nine months ended January 31, 1997 from the comparable fiscal 1996 periods. Interest income increased by $88,000 (27%) in the fiscal 1997 quarter over the comparable fiscal 1996 quarter and by $148,000 (15%) for the fiscal 1997 nine month period over the comparable fiscal 1996 period. This is the result of a 24% increase in interest-earning assets from January 31, 1996 to January 31, 1997 offset by a moderation in interest rates from the levels of the fiscal 1996 three- and nine-month periods. Interest expense decreased by $43,000 (17%) and $89,000 (12%) during the fiscal 1997 quarter and nine-month period ended January 31, 1997 compared to the comparable fiscal 1996 periods. These decreases are also the result of lower interest rates during fiscal 1997 coupled with declining long-term debt balances as the Company makes scheduled principal payments. Although the Company is unable to predict the future levels of interest rates, at current rates the Company anticipates that investment income will continue to increase and interest expense will continue to decrease when compared to earlier fiscal periods. Other income, which consists principally of rental income under a long-term lease, net of related expenses, increased by $34,000 (7%) for the three-month period and decreased by $150,000 (10%) for the nine-month period ended January 31, 1997 compared to the comparable fiscal 1996 periods. The decrease in the nine- month period is attributable to adjustments for property taxes against rental property in the first quarter of fiscal 1997. Net rental income is expected to continue at present levels for the balance of fiscal 1997 and into the early part of the next fiscal year.

LIQUIDITY AND CAPITAL RESOURCES

The Company's balance sheet continues to reflect a strong working capital position of $37.2 million at January 31, 1997 although this is a decrease from the working capital level at April 30, 1996 of $41.8 million. This decline is wholly attributable to the reclassification to current liabilities of the real estate construction loan of $9 million which is due on July 31, 1997. Excluding that reclassification, working capital would have increased by $4.4 million from the level at the end of the last fiscal year. Included in working capital at January 31, 1997 is $23.8 million of cash, cash equivalents and marketable securities which are readily convertible to cash.

Net cash provided by operating activities for the nine months ended January 31, 1997, was $2.6 million compared to $3.9 million for the comparable 1996 period. The decrease in net inflow of cash from operating activities in the fiscal 1997 period occurred largely as a result of changes in the balances of certain current assets and liabilities. Accounts receivable increased by $818,000 principally due to an increase in costs and estimated earnings in excess of billings on uncompleted contracts of $3 million offset by collections on billed receivables. Inventory levels increased by $685,000 reflecting a higher level of activity during fiscal 1997. Prepaid and Other increased by $771,000 reflecting prepaid property taxes, increased accrued interest receivable on marketable securities and a receivable from the Company's direct finance lease tenant for reimbursement of property taxes. Payments were made against accounts payable for purchases under a procurement contract which is winding down, offset by increased accruals for incentive compensation. The Company anticipates that operating activities for all of fiscal 1997 will generate positive cash flow.

Net cash used in investing activities for the nine months ended January 31, 1997, was $15.4 million. Of this amount, $15.1 million was used to acquire certain U.S. government and agency securities. The Company may continue to acquire or redeem marketable securities as dictated by its investment strategies. The Company is continuing the installation of new computer software which was substantially completed by the end of the third quarter of fiscal 1997 at a total capitalized cost of less than $500,000. In the fourth quarter, the Company intends to install new, cost-saving production equipment at a capitalized cost of approximately $600,000. The Company has no other material commitments for capital expenditures.

Net cash used in financing activities for the nine months ended January 31, 1997, was $261,000. During the period, the Company made regularly scheduled long-term debt payments of $536,000. This cash outflow was offset by the sale of the Company's common stock out of treasury for $280,000 as certain officers and other employees exercised stock option rights. On July 31,1997, the Company is obligated to repay the $9 million real estate construction loan which was used to finance the building which is leased to a third party under a direct finance lease. The Company is evaluating its options which may include paying the loan out of current assets, refinancing the loan or some combination thereof.

The Company will continue to expend its resources and efforts to develop hardware for commercial satellite programs and commercial ground communication and navigation systems, especially digital wireless systems, which management believes will result in future growth and continued profitability. Internally generated cash will be adequate to fund development efforts in these markets.

LIQUIDITY AND CAPITAL RESOURCES (con't.)

At January 31, 1997, the Company's backlog amounted to approximately $16 million of which approximately $14 million is funded. This is compared to the approximately $15 million backlog at April 30, 1996. Backlog of commercial and foreign customers approximates $11.5 million at January 31, 1997.

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

> The statements contained in this release which are forward-looking statements and not based on historical facts, are subject to risks and uncertainties that could cause actual results to differ materially from those set forth herein. Such risks include changes in contractual agreements or a change in status under the US government-imposed suspension and other risks as more fully described in the Company's Annual Report on Form 10K filed with the Securities and Exchange Commission.

PART II

ITEM 1 - Legal Proceedings

On November 17, 1993, Registrant was indicted on criminal charges alleging conspiracy and fraud in connection with six contracts for which Registrant was a subcontractor. In addition, two derivative actions have been filed against the Board of Directors essentially seeking recovery on behalf of the Company for any losses it incurs as a result of the indictment.

On December 14, 1993, Registrant was notified by the U.S. Department of the Air Force that it had been suspended from contracting with any agency of the government. Certain exceptions will apply if a compelling reason exists. The suspension is temporary subject to the outcome of the legal proceedings in connection with the indictment.

In March 1994, a qui tam action was filed against the Registrant and its former chief executive officer and, in July 1995, a separate qui tam action was served upon the Registrant and certain employees of Registrant.

The Company and the individual defendants have pleaded not guilty to all actions and are vigorously contesting all charges.

On February 14, 1997, the Company filed a petition in federal court to obtain a preliminary injunction against the Air Force to lift its suspension. The Company alleges that continuation of the suspension exceeds the Air Force's authority under the Federal Acquisition Regulations and denies the Company its rights to procedural due process and fundamental fairness mandated by applicable regulations. Details of this filing are contained in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 21, 1997.

For all items noted above, except the preceding paragraph, reference is made to Item 3 - Legal Proceedings of Registrant's Annual Report on Form 10K for the year ended April 30, 1996 on file with the Securities and Exchange Commission.

ITEM 6 - Exhibits and Reports on Form 8-K

(a) Exhibits - None

(b) No reports on Form 8-K were filed during the quarter ended January 31, 1997, however, see the next-to-last paragraph of Item 1 above regarding the Current Report on Form 8-K filed on February 21, 1997.

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: March 14, 1997

BY /s/ Joseph P. Franklin

Joseph P. Franklin
Chief Executive Officer and
Chief Financial Officer

Date: March 14, 1997

BY /s/ Alan Miller

Alan Miller
Controller

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