



Frequency Electronics Announces Results for 2nd Quarter FY 2002

>MITCHEL FIELD, N.Y., Dec 10, 2001 (BUSINESS WIRE) -- Frequency Electronics, Inc. (AMEX:FEI) today announced that its second quarter revenues increased 6% compared to the same period last year. Net income for the quarter, which ended October 31, 2001, was \$812,000, \$0.10 per diluted share, compared to \$1.47 million and \$0.17 per share in the year-ago quarter. For the six months ended October 31, 2001, revenues increased by 14% and earnings were \$1.6 million or \$0.19 per diluted share compared to net income of \$2.28 million and \$0.27 per share in fiscal 2001. General Joseph Franklin, Chairman of the Board, noted: "Despite a general slowdown in the telecommunications market, the Company continues to generate profits, revenue growth, and positive cash flow from operations."

Revenues for the quarter were \$11.46 million, compared to \$10.82 million in the second quarter of fiscal 2001. For the six-month period, revenues were \$22.5 million compared to \$19.7 million for the first six months of fiscal 2001. Profits were affected by a 21% increase in R&D spending and by Gillam-FEI margins, which, while higher than in previous quarters, still trail the levels of the rest of the Company.

According to CEO Martin Bloch: "Since the building of wireless infrastructure has been stretched out, we are taking this opportunity to allocate additional resources to new products that achieve higher performance and are more cost-effective. These products will give us the opportunity to increase our share of the wireless and wireline markets in the coming year."

In October 2001, the Company established a new subsidiary: FEI Government Systems, Inc. (FEI-GSI). This organizational step will allow the Company to manage the increasing demand by the Government for FEI's proprietary products without diverting the momentum of the Company's commercial business. FEI has booked over \$2 million in government business during the last three months. Proposal activity is very high and the Company anticipates significant new contract awards in this segment.

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.

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.

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

	Quarter Ended		Six Months Ended	
	October 31,		October 31,	
	2001	2000	2001	2000
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	(unaudited)		(unaudited)	
	(in thousands except per share data)			
Net Sales	\$11,465	\$10,819	\$22,535	\$19,712
Cost of Sales	7,024	6,128	14,024	11,109
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Gross Margin	4,441	4,691	8,511	8,603
Selling and Administrative	2,026	2,049	4,241	4,178

Research and Development	1,757	1,162	2,870	2,366
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Operating Profit	658	1,480	1,400	2,059
Interest and Other, Net	554	696	994	1,314
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Income before Taxes & Minority Interest	1,212	2,176	2,394	3,373
Minority Interest	-	-	(8)	-
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Income before Income Taxes	1,212	2,176	2,402	3,373
Income Tax Provision	400	705	770	1,095
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Net Income	\$ 812	\$ 1,471	\$ 1,632	\$ 2,278
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Net Income per Share:				
Basic	\$ 0.10	\$ 0.18	\$ 0.20	\$ 0.28
	=====	=====	=====	=====
Diluted	\$ 0.10	\$ 0.17	\$ 0.19	\$ 0.27
	=====	=====	=====	=====
Average Shares Outstanding:				
Basic	8,346,359	8,187,718	8,339,458	8,109,624
	=====	=====	=====	=====
Diluted	8,470,162	8,646,789	8,512,718	8,567,859
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Frequency Electronics, Inc. and Subsidiaries
Consolidated Condensed Balance Sheets

October 31, April 30,
2001 2001

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(in thousands)

ASSETS

Cash & Marketable Securities	\$ 34,833	\$ 35,528
Accounts Receivable	14,431	15,160
Inventories	19,531	20,471
Other Current Assets	5,954	8,975
Property, Plant & Equipment	12,030	11,997
Other Assets	10,605	9,908

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\$ 97,384 \$ 102,039

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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	\$ 7,819	\$ 13,534
Long-term Obligations and Other	18,141	18,300
Stockholders' Equity	71,424	70,205

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\$ 97,384 \$ 102,039

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