SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10K

(Mark one)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year ended April 30, 2002

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

Securities registered pursuant to Section 12 (b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock (par value $1.00 per share)	American Stock Exchange, Inc.

Securities registered pursuant to Section 12 (g) of the Act:

None

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 __

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of voting stock held by non-affiliates of the Registrant as of July 22, 2002 - $42,300,000

APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of Registrant's Common Stock, par value $1.00 as of July 22, 2002 - 8,341,635.

DOCUMENTS INCORPORATED BY REFERENCE: PART III incorporates information by reference from the definitive proxy statement for the Annual Meeting of Stockholders to be held on or about October 9, 2002.

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PART I

Item 1. Business

GENERAL DISCUSSION

Frequency Electronics, Inc. (sometimes referred to as "Registrant", "Frequency Electronics" or "Company") was founded in 1961 as a research and development firm in the technology of time and frequency control. Unless the context indicates otherwise, references to the Registrant or the Company are to Frequency Electronics, Inc. and its subsidiaries. References to "FEI" are to the parent company alone and do not refer to any of the subsidiaries.

Frequency Electronics was incorporated in Delaware in 1968 and became the successor to the business of Frequency Electronics, Inc., a New York corporation, organized in 1961. The principal executive office of Frequency Electronics is located at 55 Charles Lindbergh Boulevard, Mitchel Field, New York 11553. Its telephone number is 516-794-4500 and its website is www.frequencyelectronics.com.

The current authorized capital of the Registrant consists of 20,000,000 shares of $1.00 par value common stock, of which 8,333,865 shares were outstanding at April 30, 2002, and 600,000 shares of $1.00 par value preferred stock, none of which have been issued to date.

The Company 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. The Company's mission is to provide the most advanced control of frequency and time- essential factors for synchronizing communication networks and for certain military and space applications.

The Company has segmented its operations into three principal industries: (1) products for commercial communications which are based either on the ground or in space, (2) the business of Gillam-FEI, principally wireline and network synchronization systems and (3) products used by the United States Government for defense or space applications. The Company's space and terrestrial commercial communications programs are produced by its wholly owned subsidiary, FEI Communications, Inc. ("FEIC"). FEIC was incorporated in Delaware in December 1991, and was created as a separate subsidiary company to provide ownership and management of assets and other services appropriate for commercial clients, both domestic and foreign. Gillam-FEI is the Company's Belgian subsidiary, acquired in September 2000, which currently sells its products in non-U.S. markets. During fiscal 2002, the Company formed a wholly-owned subsidiary, FEI Government Systems, Inc. ("FEI-GSI"), to focus on supplying the Company's technology and legacy proprietary products to the United States military and other U.S. government agencies. This organizational step was taken in response to the increasing demand for the Company's products by the U.S. Government. Also during fiscal 2002 the Company formed two other subsidiaries, Frequency Electronics, Inc. Asia ("FEI-Asia") and FEI- Europe, GmbH Communications ("FEI-Europe"). The former was established as an Asian-based low cost manufacturer of certain of the Company's commercial communications products. The latter was established as a European sales and marketing office to promote the Company's new line of crystal oscillators as well as other proprietary products. Both of these subsidiaries are included in the commercial communications segment. Finally, during fiscal 2002 the Company made an equity investment in Morion, Inc., a Russian manufacturer. The relationship with Morion permits the Company to secure a low cost source for high precision quartz resonators and crystal oscillators, many of which will be based on the Company's design and development work.

In the mid-1990's, the Company transformed itself from a defense contract manufacturer into a high-tech provider of precision time and frequency products found in both ground-based communication stations and on-board commercial satellites. The Company also continues to support the United States government with products for defense and space applications principally with COTS (Commercial Off-The-Shelf) products. Products delivered by Gillam-FEI provide essential network monitoring and wireline synchronization products for a variety of industries and telecommunications providers in Europe, Africa, Latin America, the Middle East and Asia.

FISCAL 2002 AND 2001 SIGNIFICANT EVENTS

Insurance Reimbursements

On April 30, 2002, the Company settled an arbitration proceeding FEI had commenced in June 2001 against The Home Insurance Company of Illinois ("Home") under an excess directors and officers liability insurance policy. FEI had asserted claims for its loss relating to, among other matters, sums it paid in connection with the Global Settlement and Disposition with the Government on June 19, 1998. (See Item 3. Legal Proceedings and Note 9 to the accompanying financial statements.) Under the terms of the settlement agreement, Home paid FEI $1.5 million, FEI released its claims and the arbitration was discontinued.

On April 18, 2001, the Company settled an action which FEI had initiated in the prior year against National Union Fire Insurance Company ("National Union"). Under terms of the settlement, National Union paid the Company $3.0 million, FEI released its claims and the legal action was discontinued.

Acquisition of Gillam, S.A.

On September 13, 2000, the Company completed its acquisition of substantially all of the outstanding shares of Gillam S.A. ("Gillam"), a privately-held company organized under the laws of Belgium. See Note 11 to the accompanying financial statements for a more detailed description of the Gillam acquisition. The accompanying consolidated statements of operations for the years ended April 30, 2002 and 2001 include the results of operations of Gillam from September 13, 2000 through March 31, 2002. (Gillam retains its April 1 to March 31 fiscal year for financial reporting purposes.)

REPORTABLE SEGMENTS

The Company designs, develops, manufactures and markets precision time and frequency control products for three principal markets: (1) commercial communications applications, either space- or ground-based, (2) wireline synchronization and network monitoring systems produced by Gillam-FEI, and (3) its heritage U.S. Government and military markets.

Wireline and network synchronization products manufactured by the Company's wholly-owned subsidiary, Gillam-FEI, are currently sold to non-U.S. customers. The products for the other two reportable segments are similar in function and are currently manufactured in the Company's production facility located in New York. The Company identifies the U.S Government business as a reportable segment based upon the regulatory environment (Federal Acquisition Regulations or "FAR") under which it operates when dealing with U.S. Government procurement contracts versus the less restrictive commercial environment.

During fiscal 2002, 2001 and 2000 approximately 63%, 74% and 85%, respectively, of the Company's sales were for products used for terrestrial or space-based commercial communications and foreign governments. Sales for Gillam-FEI, which was acquired in September 2000, were approximately 26% and 19% of fiscal 2002 and 2001 revenues, respectively. For the years ended April 30, 2002, 2001 and 2000, approximately 11%, 7%, and 15%, respectively, of the Company's sales were for U.S. Government end-use. Sales summaries for the Commercial Communications, Gillam-FEI and U.S. Government markets during each of the last five years are set forth in Item 6 (Selected Financial Data). Segment information regarding revenues, operating profits, depreciation and assets is more fully disclosed in Note 14 to the accompanying financial statements.

Commercial Communications segment:

The Company provides high-tech precision time and frequency products that are found in both ground-based communication stations and on-board commercial satellites. The Company has made a substantial investment in research and development to apply its core technologies to the commercial markets. As a result, prior to the current fiscal year, the Company experienced accelerating growth in commercial communications revenues. Under current overall market conditions in the telecommunications industry, the revenue growth trend has been interrupted. However, the Company anticipates that this industry will provide an opportunity for substantial sales growth in the future when capital spending by telecommunication companies returns to more normal levels.

Terrestrial- Wireless

The development of new or improved technologies will bring expanded and more reliable telecommunications services to the public. As digital cellular systems and PCS networks grow they will require more base stations to meet the demand for better connectivity and quality of cell phone service. Cellular infrastructure original equipment manufacturing companies, consisting of some of the world's largest telecommunications companies, are building out existing networks even as they develop new technologies, such as EDGE (Enhanced Data rates for Global Evolution) and 3G (3rd Generation) systems, to provide not only improved voice connectivity but also Internet, video and data transmission.

Wireless communication networks consist of numerous installations located throughout a service area, each with its own base station connected by wire or microwave radio through a network switch. Network operators are in the process of converting older networks from analog to digital technology in order to expand network coverage, increase capacity and improve transmission quality. This upgrade requires precise frequency control at the base stations to achieve a higher degree of services.

With increased demand for wireless services on limited bandwidth, the requirement for precise timing becomes paramount. The Company manufactures a Rubidium Atomic Standard, a small, low cost, stable atomic "clock" as well as temperature stable quartz crystal oscillators, which are ideally suited for use in advanced cellular communications base stations. Whether the network uses CDMA (Code Division Multiple Access), TDMA (Time Division Multiple Access) or GSM (Global System for Mobile Communications) or a hybrid, such as EDGE, timing to ensure signal synchronization, is of the essence.

Terrestrial- Optical Networks

The Company has developed products that will enable greater utilization of the available spectrum in Fiber Optic systems. High-speed modems which convert electronic signals to light and back again require highly sophisticated signal synchronization. The Company provided prototypes and limited production models for such systems in calendar 2001. These products represent a new application of the Company's core technology. Since the products are just one of several competing technologies of a nascent industry, the ultimate market size cannot be determined at this time.

Space-based

The commercial use of satellites launched for communications, navigation, weather forecasting, video and data transmissions has increased the need to transmit information to earth-based receivers. This requires precise timing and frequency control at the satellite. The Company manufactures the master clocks (quartz, rubidium and cesium) and other significant timing products for many satellite communication systems. The Company's space hybrid assemblies are used onboard spacecraft for command, control and power distribution. Efficient and reliable DC-DC power converters are also manufactured for the Company's own instruments and as stand-alone products for space applications. The Company's subminiature oven-controlled quartz crystal oscillator is a low cost, small size, precision crystal oscillator suited for high-end performance required in satellite transmissions, airborne telephony and geophysical survey positioning systems. Commercial satellite programs such as Globalstar, Eutelsat, Inmarsat and Worldstar have utilized the Company's space-qualified products.

Gillam-FEI segment:

The acquisition of Gillam-FEI in September 2000 extends the Company's competencies into wire-line synchronization, network monitoring, specialized test equipment, and power supply products. With the advent of new digital broadband transmission technologies, reliable synchronization has become the warranty to quality of service for telecom operators. Gillam-FEI is among the world leaders in the field of wireline synchronization, and its products are targeted for telecommunication operators and network equipment manufacturers that utilize modular and flexible platforms to build reliable digital-network-systems worldwide. Telecommunications operators such as Belgacom, France Telecom, Telefonica and other service providers are among Gillam-FEI's major customers.

Network monitoring systems marketed under the brand name LYNX, are a flexible suite of complementary software modules that are arranged to satisfy the specific needs of telecom operators, electrical utilities, and other operators of distribution networks. The multi-task capability of the LYNX system allows operators to supervise and manage the distribution of electricity, gas, video cables, public lighting, and other networks. Deregulation of utilities, especially in Europe, has created a greater demand for the LYNX product. Major customers presently using LYNX include SIG Electrical Services of Geneva, Switzerland; Electricity Distribution Management for the city of Lausanne, Switzerland; UEM Electricity Distribution Management for the city of Metz, France; Brussels International Airport and Belgian Railways.

Specialized test equipment and power supply products are mainly targeted for the telecommunications industry.

U.S. Government segment:

The Company's sales in the U.S. Government segment are made under fixed price contracts either directly with U.S. Government agencies or indirectly through subcontracts intended for government end-use. The price paid to the Company is not subject to adjustment by reason of the costs incurred by the Company in the performance of the contract, except for costs incurred due to contract changes ordered by the customer. These contracts are on a negotiated basis under which the Company bears the risk of cost overruns and derives the benefit from cost savings.

Negotiations on U.S. Government contracts are sometimes based in part on Certificates of Current Costs. An inaccuracy in such certificates may entitle the government to an appropriate recovery. From time to time, the Defense Contracts Audit Agency ("DCAA") of the Department of Defense audits the Company's accounts with respect to these contracts. The Company is not aware of any basis for recovery with respect to past certificates.

All government end-use contracts are subject to termination by the purchaser for the convenience of the U.S. Government and are subject to various other provisions for the protection of the U.S. Government. In the event of such termination, the Company is entitled to receive compensation as provided under such contracts and in the applicable U.S. Government regulations.

The Company's proprietary products have been used in guidance, navigation, communications, radar, sonar surveillance and electronic countermeasure and timing systems. Products are built in accordance with Department of Defense standards and are in use on many of the United States' most sophisticated military aircraft, satellites and missiles. The Global Positioning Satellite System, as well as the MILSTAR Satellite System, are two examples of the programs in which the Company participates. The Company has manufactured the master clock for the Trident missile, the basic timing system for the Voyager I and Voyager II deep space exploratory missions and the quartz timing system for the Space Shuttle. The Company's cesium beam atomic clock is presently employed in low frequency secure communications, surveillance and positioning systems for the United States Air Force, Navy and Army.

PRODUCTS
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The Company's products are manufactured from raw material which, when combined with conventional electronic parts available from multiple sources, become finished products used for commercial wireless and wireline communications, satellite applications, space exploration, position location, radar, sonar and electronic counter-measures. These products are employed in ground-based earth stations, fixed, transportable, portable and mobile communications installations, domestic and international satellites, as well as aircraft, ships, submarines and missiles. The Company's products are marketed as components, instruments, or complete systems. Prices are determined based upon the complexity, design requirement, purchased quantity and delivery schedule.

Components - The Company's key technologies utilize quartz, rubidium and cesium to manufacture precision time and frequency standards and higher level assemblies which allow the users to generate, transmit, and receive synchronous signals in order to communicate effectively, locate their position, secure a communications system, or guide a missile. The components class of the Company's products includes crystal filters and discriminators, surface acoustic wave resonators, and high-reliability thick and thin film hybrid assemblies for space and other applications.

Precision quartz oscillators use quartz resonators in conjunction with electronic circuitry to produce signals with accurate and stable frequency. The Company's products include several types of quartz oscillators, suited to a wide range of applications, including ultrastable units for satellite systems, and fast warm-up, low power consumption units for mobile applications, including wideband-CDMA voice and data communications.

The ovenized quartz oscillator is the most accurate type, wherein the oscillator crystal is enclosed in a temperature controlled environment called a proportional oven. The Company manufactures several varieties of temperature controlling devices and ovens.

The voltage-controlled quartz oscillator is an electronically controlled device wherein the frequency may be stabilized or modulated, depending upon the application.

The temperature compensated quartz oscillator is electronically controlled using a temperature sensitive device to directly compensate for the effect of temperature on the oscillator's frequency.

The rubidium lamp, filter and resonance cell provide the optical subassembly for the manufacture of the Company's optically pumped atomic rubidium frequency standards. The cesium tube resonator is used in the manufacture of the Company's cesium primary standard atomic clocks.

High reliability, MIL-M-38510 Class S and B, hybrid assemblies are manufactured in thick and thin film technologies for applications from DC to 44 GHz. These are used in manufacturing the Company's products and also supplied directly to customers, for space and other high reliability systems.

Efficient and reliable DC-DC power converters are manufactured for the Company's own instruments and as stand alone products, for space applications.

The Company manufactures filters and discriminators using its crystal resonators for its own radio-frequency and microwave receiver, signal conditioner and signal processor products.

Instruments - The Company's instrument line consists of three basic time and frequency generating instruments and a number of instruments which test and distribute the time and frequency. The Company's time and frequency generating instruments are the quartz frequency standard, rubidium atomic standard and cesium beam atomic standard.

The quartz frequency standard is an electronically controlled solid-state device which utilizes a quartz crystal oscillator to produce a highly stable output signal at a standardized frequency. The Company's frequency standard is used in communications, guidance and navigation and time synchronization. The Company's products also include a precision frequency standard with battery back-up and memory capability enabling it to remain in operation if a loss of power has occurred.

The optically pumped atomic rubidium frequency standard is a solid-state instrument which provides both timing and low phase noise frequency references used in commercial communications systems. Rubidium oscillators combine sophisticated glassware, light detection devices and electronics packages to generate a highly stable frequency output. Rubidium, when energized by a specific radio frequency, will absorb less light. The oscillator's electronics package generates this specific frequency and the light detection device ensures, through monitoring the decreased absorption of light by the rubidium and the use of feedback control loops, that this specific frequency is maintained. This highly stable frequency is then captured by the electronics package and generated as an output signal. Rubidium oscillators provide atomic oscillator stability, at lower costs and in smaller packages.

The cesium beam atomic standard utilizes the atomic resonance characteristics of cesium atoms to generate precise frequency several orders of magnitude more accurate and stable than other types of quartz frequency generators. The Company's atomic standard is a compact, militarized solid-state device which generates these precision frequencies for use with advanced communications and navigation equipment. A digital time-of-day clock is incorporated which provides visual universal time display and digital timing for systems use. The atomic standard manufactured by the Company is a primary standard, capable of producing time accuracies of better than one second in seven hundred thousand years.

As the demands on communications systems increase, the requirement for precise frequency signals to drive a multitude of electronic equipment is greatly expanded. To meet this requirement, the Company manufactures a distribution amplifier which is an electronically controlled solid-state device that receives a base frequency from a frequency standard and provides multiple signal outputs of the input frequency. A distribution amplifier enables many items of electronic equipment in a single facility, aircraft or ship to receive a standardized frequency and/or time signal from a quartz, rubidium or cesium atomic standard.

Systems - The systems portion of the Company's business includes manufacturing and integrating selections of its specialized components into higher level subsystems and systems that meet customer-defined needs. The Company has a unique knowledge of interfacing these technologies and experience in applying them to a wide range of systems. The systems generate electronic frequencies of predetermined value and then divide, multiply, mix, convert, modulate, demodulate, filter, distribute, combine, separate, switch, measure, analyze, and/or compare these signals depending on the system application.

This portion of the Company's business includes a complete line of time and frequency control systems, capable of generating many frequencies and time scales that may be distributed to widely dispersed users, or within the confines of a facility or platform, or for a single dedicated purpose. Time and frequency control systems combine the Company's cesium, rubidium and/or crystal instruments with its other components, to provide systems for wireless, wireline, space and defense applications.

For the wireless industry, the Company integrates its core components such as quartz oscillators and rubidium atomic standards with software applications, microprocessors, and other digital circuitry into complete subsystems. These subsystems supply frequency and time reference signals that facilitate wireless communications and are necessary for the various wireless technologies to operate properly. The customers for these subsystems are global wireless infrastructure manufacturers.

For the wireline industry, the Company integrates its core components with other electronic modules into high-level platforms that provide a total synchronization solution. These signal synchronization units or "SSUs," are primarily designed and manufactured by Gillam-FEI. SSUs are inserted into digital telecommunication networks and provide reliable synchronization for proper operation of the network. The systems are primarily sold to telecommunication operators and vary from a few SSUs for a simple network to hundreds of units for complex networks. For operators of distribution networks such as electrical utilities and telecommunications operators, the Company offers the LYNX system--a flexible suite of complementary software modules that are distinctively combined to satisfy the requirements of the users. With the advent of digital broadband transmission technologies, reliable synchronization has become the Quality of Service for telecommunications operators world-wide.

For the space and defense sectors the Company combines its core products in a wide range of diverse applications that provide systems for space and ground based communications, space exploration, satellite tracking stations, satellite-based navigation and position location, secure communication, submarine and ship navigation, calibration, and electronic counter-measures applications. These time and frequency control systems can provide up to quadruple redundancy to assure operational longevity and dependability.

BACKLOG

As of April 30, 2002, the Company's consolidated backlog amounted to approximately $31 million (see Item 7). Of this backlog, approximately 61% represents orders for the commercial communications segment, 16% for the Gillam-FEI segment and 23% for the U.S. Government segment. Approximately 75% of this backlog is expected to be filled during the Company's fiscal year ending April 30, 2003. The backlog, which reflects only firm purchase orders and contracts, is subject to change by reason of several factors including possible cancellation of orders, change orders, terms of the contracts and other factors beyond the Company's control. Accordingly, the backlog is not necessarily indicative of the revenues or profits (losses) which may be realized when the results of such contracts are reported.

CUSTOMERS AND SUPPLIERS

The Company markets its products both directly and through 27 independent sales representative organizations located principally in the United States and Europe. Sales to non-U.S. customers, including all of the sales of Gillam-FEI in fiscal 2002 and 2001, totaled approximately 42%, 29% and 12% of net sales in fiscal years 2002, 2001 and 2000, respectively.

The Company's products are sold to a variety of customers, both commercial and governmental. For the years ended April 30, 2002, 2001 and 2000, approximately 11%, 7% and 15%, respectively, of the Company's sales were made under contracts to the U.S. Government or subcontracts for U.S. Government end-use.

The Company's consolidated sales for each of the years ended April 30, 2002, 2001 and 2000 included sales to Motorola Corp. ("Motorola") of approximately $15.5 million, $17.7 million and $14.0 million, respectively. These amounts represent 38%, 36% and 53%, respectively, of consolidated sales for each of those years. For the year ended April 30, 2001, sales to Space Systems Loral ("SSL") were $5.2 million or 11% of the Company's consolidated sales. During the three years ended April 30, 2002, sales to Motorola and SSL were made by the Company's commercial communications segment, accounting for 65% in fiscal 2002, 63% in fiscal 2001 and 67% in fiscal 2000 of that segment's total sales. During fiscal 2002, two customers, France Telecom and Belgacom, accounted for 18% and 12%, respectively, of the revenues of the Gillam-FEI segment. In fiscal 2001, Itissalat al Maghrib and France Telecom accounted for 29% and 11%, respectively, of Gillam-FEI's revenues. Fiscal 2002 revenues in the U.S. Government segment included sales to three customers, Boeing Satellite Systems, Inc. ("Boeing"), Raytheon Missile Systems, Inc. ("Raytheon") and BAE Systems Aerospace, Inc., accounting for 32%, 26% and 19%, respectively, of total segment revenues. In fiscal 2001, two customers, Raytheon and Boeing, accounted for 68% of U.S. Government revenues and in fiscal 2000, three customers, Raytheon, Lockheed Martin and Boeing, accounted for 61% of total segment revenues. The loss by the Company of any one of these customers would have a material adverse effect on the Company's business. The Company believes its relationship with these companies to be mutually satisfactory and is not aware of any prospect for the cancellation or significant reduction of any of its commercial or existing U.S. Government contracts.

The Company purchases a variety of components such as transistors, resistors, capacitors, connectors and diodes for use in the manufacture of its products. The Company is not dependent upon any one supplier or source of supply for any of its component part purchases and maintains alternative sources of supply for all of its purchased components. The Company has found its suppliers generally to be reliable and price-competitive.

RESEARCH AND DEVELOPMENT
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The Company's technological expertise continues to be an important factor to support future growth in revenues and earnings. Until a few years ago, virtually all research and development activities had taken place in connection with customer-sponsored development-oriented products conducted under fixed price contracts and subcontracts in support of U.S. Government programs. The Company was successful in applying its resources to develop prototypes and preproduction hardware for use in navigation, communication, guidance and electronic countermeasure programs and space application. The output of these customer-sponsored projects, in all cases, was of a proprietary nature.

In the last four years, the Company has focused its internal research and development efforts on improving the core physics and electronic packages in its time and frequency products; conducting research to develop new time and frequency technologies; improving product manufacturability by seeking to reduce its production costs through product redesign and other measures to take advantage of lower cost components.

The Company continues to focus a significant portion of its own resources and efforts on developing hardware for satellite and terrestrial commercial communications systems, including wireless, wireline and fiber optic systems. During fiscal 2002, 2001 and 2000, the Company expended $6.6 million, $4.8 million, and $5.4 million of its own funds, respectively, on such research and development activity. (See also Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.) For fiscal year 2003, the Company is targeting to spend from $5.5 million to $6.5 million on research and development but will spend more or less as market conditions and opportunities warrant. Such funds will be used to introduce Gillam-FEI's wireline synchronization products to the US market, to further develop third generation (3G) cellular telephony products and to develop other products for emerging wireless, optical and wireline communications technologies.

PATENTS AND LICENSES
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The Company believes that its business is not dependent on patent or license protection. Rather, it is primarily dependent upon the Company's technical competence, the quality of its products and its prompt and responsible contract performance. However, the rights to inventions of employees working for the Company are assigned to the Company and the Company presently holds such patents and licenses. Also, in certain limited circumstances, the U.S. Government may use or permit the use by the Company's competitors, certain patents or licenses it has funded. The Company does not believe that patents and licenses are material to its business.

COMPETITION
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The Company experiences competition in all areas of its business. The Company competes primarily on the basis of the accuracy, performance and reliability of its products; the ability of its products to function under severe conditions, such as in space or other extreme hostile environments; prompt and responsive contract performance; technical competence and price. The Company has a unique and broad product line which includes all three frequency standards - quartz, rubidium, and cesium. Because of the very high precision of certain of its components, the Company has few competitors. For lower precision components there is significant competition from a number of suppliers.

In recent years, the Company has successfully outsourced certain component manufacturing processes to third parties as well as to joint venture partners and more recently to its wholly-owned subsidiary, FEI-Asia in Tianjin, China and to its relationship with Morion, Inc. in which the Company is a minority shareholder. The Company expects this outsourcing to enhance its competitive position on cost while maintaining its high quality standards. The Company believes its ability to obtain raw materials, manufacture finished products, integrate them into systems and sub-systems, and interface these systems with end-user applications provides a strong competitive advantage.

Certain of the Company's competitors are larger, have greater financial resources and have larger research and development and marketing staffs.

With respect to its instruments and systems, the Company competes with Hewlett-Packard Company, Datum, Inc., E. G. and G., Inc. and others. Systems for the wireline industry produced by the Gillam-FEI segment compete with Datum, Inc. and Symmetricom, Inc. which recently announced their intention to merge their businesses. The Company's principal competition for space products is the in-house capability of its major customers.

EMPLOYEES
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The Company employs approximately 375 persons worldwide. None of the U.S. employees are represented by labor unions while in Europe, approximately 20 employees in one facility are represented by a French labor union.

OTHER ASPECTS

The Company's business is not seasonal although it expects to experience some fluctuation in revenues during the second fiscal quarter as a result of extended holiday periods in August. No unusual working capital requirements exist.

Item 2. Properties

The Company operates out of several facilities located around the world. Each facility is used for manufacturing its products and for administrative activities. The following table presents the location, size and terms of ownership/occupation:

Location	Size (sq. ft.)	Own or Lease
Long Island, NY	93,000	Lease
Liege, Belgium	34,000	Own
Chalon Sur Saone, France	70,900	Own
Tianjin, China	6,000	Lease

The Company's facility located in Mitchel Field, Long Island, New York, is part of the building that the Company constructed in 1981 and expanded in 1988 on land leased from Nassau County. In January 1998, the Company sold this building and the related land lease to Reckson Associates Realty Corp. ("Reckson"), leasing back the space that it presently occupies.

The Company leases its manufacturing and office space from Reckson under an 11-year lease at an annual rental of $400,000 per year with the Company paying its pro rata share of real estate taxes along with the costs of utilities and insurance. The lease provides for two 5-year renewal periods, exercisable at the option of the Company, with annual rentals of $600,000 during the first renewal period and $800,000 during the second renewal period. Under the terms of the lease, new office and engineering facilities for the Company were constructed at the cost of Reckson. The leased space is adequate to meet the Company's domestic operational needs.

The sale of its building to Reckson, a real estate investment trust ("REIT") whose shares are traded on the New York Stock Exchange, was effected through a tax-deferred exchange of the building for approximately 486,000 participation units of Reckson Operating Partnership, L.P. ("REIT units") which were valued at closing at $12 million. Each REIT unit is convertible into one share of the common stock of the REIT. In addition, approximately 27,000 REIT units have been placed in escrow which may be released to the Company based upon the price per share of the REIT on the date of conversion of REIT units. Under the accounting provisions for sale and leaseback transactions, the sale of this building is considered a financing and the REIT units received are reflected as a noncurrent liability while the related building continues to be reflected as an asset. Upon liquidation of the REIT units, a portion of the resulting gain on this sale will be deferred and recognized into income over the term of the leaseback with the balance recognized in income on the date of liquidation. (See Note 6 to the accompanying financial statements.)

The properties located in Belgium and France were acquired upon completion of the Gillam S.A. acquisition. These facilities are adequate to meet the present and future operational requirements of Gillam-FEI.

The Tianjin, China facility is the location of the Company's newly established subsidiary, FEI-Asia. Space has been leased within a manufacturing facility located in the Trade-Free Zone. The lease is for a one-year term with rent of $9,850 payable quarterly. The amount of space is adequate for the near-term manufacturing expectations for the Company.

Item 3. Legal Proceedings

Qui Tam Action

A qui tam action was commenced in the United States District Court for the Eastern District of New York entitled, "The United States of America ex rel. Ralph Muller, Plaintiff, against Frequency Electronics, Inc., Raytheon Company, Raytheon Company Subsidiaries #1-10, fictitious names for subsidiaries of Raytheon Company, Hughes Aircraft Company, Hughes Aircraft Company subsidiaries #1-20, fictitious names for subsidiaries of Hughes Aircraft Company, and Martin Bloch, Defendants", index number CV-92 5716 ("Muller Qui Tam Action"). The Muller Qui Tam Action was brought pursuant to the provisions of the False Claims Act and is an action by which an individual may, under certain circumstances, sue one or more third persons on behalf of the Government for damages and other relief.

The complaint was filed on or about December 3, 1992, in camera and under seal pursuant to the provisions of the False Claims Act. The complaint was served on FEI and Martin B. Bloch on March 28, 1994 and March 30, 1994, respectively. Under the provisions of the False Claims Act, the Government is permitted to take over the prosecution of the action. The Government has declined to prosecute the Muller Qui Tam Action and the plaintiff, Ralph Muller ("Muller"), is proceeding with the action on behalf of the Government as is permitted under the False Claims Act. Moreover, while the action named as parties defendant, Hughes Aircraft Company ("Hughes") and Raytheon Company ("Raytheon"), along with several of their subsidiaries, the Muller Qui Tam Action was dismissed voluntarily by Muller on April 6, 1994, as to Hughes, Raytheon and their respective subsidiaries. On February 6, 1996, plaintiff served an amended complaint ("Amended Complaint").

The Amended Complaint, insofar as it pertains to FEI and Martin Bloch, contains a series of allegations to the effect that Hughes and Raytheon contracted with the Government to supply it with Advanced Medium Range Air to Air Missiles ("AMRAAMS"); Hughes and Raytheon (collectively, the "Contractors") entered into a subcontract with FEI pursuant to which FEI was to design, manufacture, test, sell and deliver to the Contractors certain oscillators which constituted components of the AMRAAMS; that FEI improperly designed, manufactured and tested the oscillators; that numerous faulty and defective oscillators were delivered to the Contractors; that the oscillators did not meet contract specifications; that FEI was aware of the defective and faulty nature of the oscillators; that FEI and Martin Bloch knowingly directed non-disclosure of the design flaws; that the concealed design defects in developmental oscillators permitted FEI to manufacture additional defective oscillators which were used in operational missiles; that as a direct result of FEI's fraudulent concealment of the defects, FEI was contracted to design and manufacture additional oscillators; that when missiles were returned to FEI for repair, FEI charged the Government for repair even though FEI knew the units had been defective at the time of delivery; that FEI falsified test results and FEI and Martin Bloch directed the falsification of test results; and that FEI sold and delivered the oscillators to the Contractors; as a result of the faulty and defective oscillators, many of the AMRAAMS failed to function properly; and that the Government sustained damages. The complaint demands an unspecified amount of damages allegedly suffered by the Government, and asks that the Court determine the damages and assess civil penalties as provided under the False Claims Act, and that the plaintiff Muller be awarded a bounty. Under the False Claims Act, a recovery can be made in favor of the Government for a civil penalty of not less than $5,000 and not more than $10,000 as to each false claim and for each false record and statement, plus three times the amount of damages it is determined the Government sustained, plus legal fees and expenses.

FEI has determined to vigorously defend the Muller Qui Tam Action. It has answered the Amended Complaint, denied the material allegations, asserted seventeen affirmative defenses, and counterclaims for: libel and product libel - demanding damages of $3,000,000; republication of the libel and product libel - demanding damages of $3,000,000; slander - demanding damages of $3,000,000; tortious interference with prospects for additional business relations - demanding damages of $1,865,010; prima facie tort - demanding damages of $1,865,010; conversion - demanding damages of $11 plus an amount to be determined at trial; breach of employment contract - demanding damages of $1,865,010; breach of fiduciary duty - demanding damages of $1,865,010; plus punitive damages in the amount of $30,000,000 on each of the tort causes of action, and legal fees and expenses. The substance of the counterclaims alleged against Muller are predicated upon a letter dated November 23, 1992 ("November 23 Letter") written by Muller's attorneys Schneider, Harris, Harris and Furman ("SHHF") to the Government which allegedly contained false and libelous statements concerning FEI's design, manufacture and production of components for Hughes and Raytheon in connection with the AMRAAMS.

In addition, FEI has instituted a third party action against SHHF, Robert Harris, Esq. and Rod Kovel, Esq., attorneys for Muller, in connection with their alleged authoring and publishing of the November 23 Letter provided to the Government. The third-party complaint asserts the same claims against the attorneys as are asserted in the counterclaims against Muller, for libel and product libel, republication of the libel and product libel, slander, tortious interference with contractual relations, prima facie tort and conversion. The counterclaims and third-party complaint have been served. Muller has replied to the counterclaims asserted in FEI's answer to the Amended Complaint, denied the substantive allegations and asserted various affirmative defenses. The third-party defendants have replied to the third-party complaint and have denied the allegations and asserted various affirmative defenses.

On April 11, 1997, in open Court and on the record, the Court ordered that the Muller Qui Tam Action was stayed. Thereafter, in September 1998 litigation was resumed. To date, the parties have engaged in limited discovery since the Government has determined that all classified and unclassified documents relating to this action are deemed classified documents subject to Department of Defense security regulations. As a result, extraordinary procedures have been put in place for purposes of conducting discovery. On January 20, 2000, the Court stayed further proceedings pending a decision of the Supreme Court of the United States in a case where certain legal issues were raised that could have been dispositive of certain legal issues in the Muller Qui Tam Action. That case was decided and on July 20, 2000, the Court determined that this litigation will resume.

In August 1999, the attorneys representing Muller withdrew as his counsel. Since that time Muller has been representing himself on a pro se basis.

In May 2002 the defendants filed and argued a motion for summary judgment dismissing the Amended Complaint. The motion is under consideration by the Court and the defendants are continuing to pursue their counterclaims.

No opinion can be offered as to the outcome of the Muller Qui Tam Action, the FEI counterclaims, or the third-party action.

Directors' and Officers' Insurance Coverage

On April 30, 2002, FEI settled the arbitration proceeding it had commenced in June 2001 before the American Arbitration Association against The Home Insurance Company ("Home") under a $2.0 million excess directors and officers liability insurance policy. FEI had asserted claims for its loss relating to, among other matters, sums it paid in connection with the Settlement Agreement and Global Disposition with the Government on June 19, 1998. (For a description of these litigations, the Settlement Agreement and Global Disposition, refer to Item 3 of the Registrant's Annual Report on Form 10-K for the year ended April 30, 1998, a copy of which is on file with the Securities and Exchange Commission.) Under the terms of the settlement agreement, Home paid FEI $1.5 million, FEI released its claims and the arbitration was discontinued.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were required to be submitted by Registrant to a vote of security holders during the fourth quarter of fiscal 2002.

PART II

Item 5. Market for the Company's Common Equity and Related Stockholder Matters

The Common Stock of the Company is listed on the American Stock Exchange under the symbol "FEI". The following table shows the high and low sale price for the Company's Common Stock for the quarters indicated, as reported by the American Stock Exchange.

FISCAL QUARTER	HIGH SALE	LOW SALE
2002 -		
FIRST QUARTER	$19.20	$12.90
SECOND QUARTER	17.90	9.00
THIRD QUARTER	15.40	11.10
FOURTH QUARTER	14.00	11.10
2001 -		
FIRST QUARTER	$29.50	$15.00
SECOND QUARTER	38.25	15.61
THIRD QUARTER	22.50	11.51
FOURTH QUARTER	22.00	10.61

As of July 22, 2002, the approximate number of holders of record of common stock was 694.

DIVIDEND POLICY

On March 24, 1997, the Company announced a policy of distributing a cash dividend to shareholders of record on April 30 and October 31, payable on June 1 and December 1, respectively. The Board of Directors will determine dividend amounts prior to each declaration based on the Company's financial condition and financial performance.

Item 6. Selected Financial Data

The following table sets forth selected financial data including net sales and operating profit (loss) for the five-year period ended April 30, 2002. The information has been derived from the audited financial statements of the Company for the respective periods.

	Years Ended April 30,				
	2002	2001	2000	1999	1998
	(in thousands, except share data)				
Net Sales					

Commercial Communications	$26,119	$36,207	$22,554	$14,547	$26,364
U.S. Government	4,512	3,727	3,981	4,411	5,633
Gillam-FEI	10,548	9,276	-	-	-
Total Net Sales	$41,179	$49,210	$26,535	$18,958	$31,997
Operating Profit (Loss)	$ 89(1)	$ 5,939(3)	$ 1,008	$ (701)(5)	($ 9,105)(6)
Net Income	$ 1,378(2)	$ 5,644(4)	$ 3,144	$ 1,173	$ 64 (7)
Average Common Shares Outstanding					
Basic	8,350,735	8,198,569	7,673,497	7,502,260	7,368,472
Diluted	8,529,175	8,431,823	8,043,727	7,820,742	7,787,140
Earnings per Common Share					
Basic	$ 0.17	$ 0.69	$ 0.41	$ 0.16	$ 0.01
Diluted	$ 0.16	$0.67	$ 0.39	$ 0.15	$ 0.01
Total Assets	$96,011	$102,039	$80,847	$78,355	$88,780
Long-Term Obligations and Deferred Items	$17,796	$18,074	$16,849	$16,959	$18,841
Cash dividend declared per common share	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20

(1) Includes insurance reimbursement of $1.5 million for expenses related to certain litigation with the U.S. Government less inventory reserves and writeoffs aggregating $1.0 million.

(2) In addition to items in (1) above, includes $300,000 investment loss for an other than temporary decline of value in a marketable security.

(3) Includes insurance reimbursement of $2.8 million (net of professional fees) for expenses related to certain litigation with the U.S. Government, inventory reserves of $2.0 million related to certain product lines and $300,000 of acquisition-related nonrecurring costs.

(4) In addition to items in (3) above, includes $287,000 investment loss for an other than temporary decline of value in a marketable security.

(5) Includes insurance reimbursement of $4.5 million for legal fees related to certain litigation with the U.S. Government.

(6) Includes litigation settlement of $8 million and U.S. Government-related inventory writedowns and reserves of $4.8 million.

(7) In addition to items in (6) above, includes net gain on sale of buildings of $4.9 million and the reversal of the valuation allowance on deferred tax assets of $2.6 million.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Critical Accounting Policies and Estimates

The Company's significant accounting policies are described in Note 1 to the consolidated financial statements. The Company believes its most critical accounting policies to be the recognition of revenue and costs on production contracts and the valuation of inventory.

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 segment, and smaller contracts or orders in the other business segments, 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.

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

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.

RESULTS OF OPERATIONS

The table below sets forth for the fiscal years ended April 30 the percentage of consolidated net sales represented by certain items in the Company's consolidated statements of operations:

	2002	2001	2000
Net Sales			
Commercial Communications	63.4%	73.6%	85.0%
U.S. Government	11.0	7.6	15.0
Gillam-FEI	25.6	18.8	-
	100.0	100.0	100.0
Cost of Sales	65.8	65.4	56.1
Selling and Administrative expenses	21.7	17.9	19.9
Insurance Reimbursement, net	(3.6)	(5.2)	-
Research and Development expenses	15.9	9.8	20.2
Operating Profit	0.2	12.1	3.8
Other Income (Expense)	3.9	4.7	12.9
Provision for Income Taxes	0.8	5.3	4.8
Net Income	3.3%	11.5%	11.9%

Significant Fiscal 2002 & 2001 Events

As more thoroughly described elsewhere in this Form 10-K and in the notes to the financial statements, the Company's fiscal 2002 and 2001 results of operations were materially impacted by several specific events. In fiscal 2002 and 2001, the Company recovered $1.5 million and $2.8 million (net of $200,000 in expenses in 2001), respectively, from two insurance companies related to expenses incurred in defense and settlement of the Company's litigation with the U.S. Government. (See Item 3. Legal Proceedings and Note 9 to the financial statements.) In October 2000, the Company also settled a derivative suit stemming from its U.S. Government litigation and paid approximately $224,000 in attorneys' fees and expenses.

In both years, the Company determined that a writeoff or reserves against certain work-in-progress and component inventory was appropriate. Consequently, cost of sales was impacted by $1.0 million in fiscal 2002 and by $2.0 million in fiscal 2001. These inventory items relate to certain product lines that the Company is no longer marketing, to excess costs on certain work in process and to quantities of certain component parts in excess of near-term requirements. During the fourth quarters of fiscal 2002 and 2001, the Company determined that the decline in market value of its investment in certain marketable securities was not temporary. Accordingly, the Company wrote down the investments to their then reported market value and recorded a charge against investment income of approximately $300,000 in fiscal 2002 and $287,000 in fiscal 2001.

During fiscal 2001, the Company acquired Gillam-FEI. Included in the fiscal 2001 results are certain non-recurring charges to expense the "step-up" value of acquired inventory of $300,000 as well as amortization of goodwill in the amount of $193,000.

Operating Profit

Operating profit for the year ended April 30, 2002, decreased by $5.8 million compared to the profit for fiscal 2001. In addition to a 16% decline in sales, gross margins were lower, reflective of the more challenging market faced by the Company in fiscal 2002. The Company also made strategic investments such as opening a manufacturing facility in China, the costs of which are included in selling and administrative expenses, and developing new products and improving manufacturing processes.

The operating profit for the year ended April 30, 2001 increased by $4.9

million over the profit for fiscal 2000. Excluding the nonrecurring items as discussed above (see Items 6 and 7), the increase in operating profit would have been $4.8 million. Approximately $400,000 of this increase is attributable to the results of Gillam-FEI. The major portion of the improved profitability is due to the 51% increase in revenues, exclusive of Gillam-FEI, while maintaining gross profit margins. Selling and administrative costs increased in proportion to the increased revenues while self-funded research and development spending declined from the fiscal 2000 levels.

Net Sales

Net sales for fiscal 2002 decreased by $8.0 million (16%) over fiscal 2001 sales. The principal cause for the decline is attributable to the world-wide slowdown in capital spending in the telecommunications industry which the Company serves. Revenues for the commercial communications segment declined by $9.6 million (27%), while revenues increased by 21% for both the U.S. Government ($786,000) and Gillam-FEI ($1.9 million) over fiscal 2001. (Gillam-FEI's fiscal 2001 revenues are from the date of acquisition by the Company.) Given the uncertainties in telecommunications markets, the Company is unable to make any assessment for near-term future sales in the commercial communications or Gillam-FEI segments of its business. However, the Company does anticipate that revenues for its U.S. Government segment will increase as more funding is provided by the government for such projects as secure communication satellites and missile guidance systems. Over the long-term, the Company continues to believe that the telecommunications markets, including cellular network infrastructure and wireline synchronization, will be the dominant growth areas of its business.

Net sales for fiscal 2001 increased by $22.7 million (85%) over fiscal 2000 sales. Excluding Gillam-FEI sales, revenues would have increased by $13.5 million (51%) over comparable fiscal 2000 sales. Sales in the commercial communications segment improved by $13.7 million (61%) over fiscal 2000 while revenues from the U.S. Government segment declined by $250,000 (6%). Strong demand for the Company's rubidium atomic standard, which is the key synchronization element of many cellular network base stations, led the increase but the Company also experienced significant growth in other areas. Revenues from space programs increased from the depressed levels of fiscal 2000 and the Company developed a new source of revenues from fiber optic networks. These two areas accounted for approximately 44% of the growth in revenues in the commercial communication segment and 27% of consolidated revenue growth.

Gross Margins

Gross margins for the fiscal year ended April 30, 2002 were 34% compared to 35% in fiscal 2001. Excluding the inventory adjustments noted above, gross margins would have been 37% and 39%, respectively. The lower result in fiscal 2002 is attributable to the lower volume of sales and the mix of sales. In particular, a greater percentage of consolidated sales were made in the Gillam-FEI segment, where costs are generally higher than in the U.S. segments. However, Gillam-FEI margins were significantly improved over fiscal 2001, rising from the high "teens" range to over 30%. The Company's target is to achieve an overall gross margin of 40% or better through greater sales volume and continued process improvements at Gillam-FEI.

Gross margins for fiscal 2001 were 35% compared to 44% in the fiscal year ended April 30, 2000. During fiscal 2001, the Company had been engaged in two significant development efforts which were customer-funded. The costs of these efforts, which approximate the revenue recognized on the contracts, are a component of cost of sales. Excluding these contracts as well as the inventory adjustments mentioned above, gross margins would have been 41%. The principal cause for the decline in the rate from the prior year is due to the mix of products sold. In particular, costs at Gillam-FEI are typically higher than in the U.S. due to labor cost structure. Excluding the effects of Gillam-FEI, the inventory adjustments and the development contracts, gross margins would have exceeded 47% in 2001.

Selling and Administrative expenses

Selling and administrative costs for the year ended April 30, 2002, increased by $112,000 or 1% over fiscal 2001. As a percentage of sales, these costs increased from 18% in fiscal 2001 to 22% in fiscal 2002. (The Company targets selling and administrative expenses to be less than 20% of sales.) The 2002 amounts include approximately $500,000 attributable to start-up operating costs of the Company's new China manufacturing facility. Excluding this expense, selling and administrative costs would have been 20% of sales. For fiscal 2002, significant increases in selling and administrative expenses aggregating $1.4 million over the prior year, resulted from a full year of expenses for Gillam-FEI compared to the partial year in fiscal 2001 and an increase in the accrual for certain long-term compensation programs as a result of benefit adjustments authorized during fiscal 2002. These increases were offset by substantial cost reductions aggregating $1.7 million related to lower incentive compensation accruals due to reduced profitability in fiscal 2002, lower employee recruitment expenses, reduced travel-related costs, elimination of amortization of goodwill and a decrease in amortization expense related to independent contractor stock options awarded in prior years.

Selling and administrative costs for the year ended April 30, 2001, increased by $3.5 million (67%) over fiscal 2000. Of this increase, $1.4 million is attributable to expenses incurred by Gillam-FEI. The remaining $2.1 million is attributable to increased personnel costs, including accruals for bonuses as a result of improved profit margins and increased selling costs and travel expenses, as the Company seeks to continue the expansion of its world-wide commercial markets. In addition, the Company incurred legal fees related to the insurance recovery and litigation settlement, and administrative expenses related to the Company's establishment of a manufacturing facility in China.

Research and Development expenses

Research and development expenditures for the year ended April 30, 2002, increased by $1.7 million or 36% over the amounts incurred in fiscal 2001. Of this amount, approximately $1.0 million was incurred to develop wireline synchronization products for the U.S. market. Other development efforts were focused on manufacturing process improvements, completion of a high precision quartz oscillator as well as next-generation products for cellular network infrastructure markets.

Fiscal 2001 research and development spending declined by 10% from fiscal 2000 levels. Development spending by Gillam-FEI was less than 5% of the consolidated total and not significant in fiscal 2001. The reduction in research and development spending in fiscal 2001 was not indicative of a decrease in the Company's development effort. During fiscal 2001, the Company was successful in obtaining funding from customers on two separate projects. This reduced the level of self-funded research and development spending but increased the cost of sales.

The Company will continue to focus its research and development activities on those commercial products which it expects will provide the best return on investment and greatest prospects for the future growth of the Company. For fiscal year 2003, the Company will complete its development of the Gillam-FEI wireline synchronization product and will make further investment in new designs and manufacturing process improvements. The Company's target is to spend approximately 10% of revenues on research and development activities, although the actual level of spending is dependent on new opportunites and the rate at which it succeeds in bringing new products to market. Internally generated cash and cash reserves will be adequate to fund these development efforts.

Other Income (Expense)

Other income (expense) decreased by $718,000 (31%) in fiscal 2002 compared to fiscal 2001 and decreased by $1.1 million (32%) in fiscal 2001 compared to fiscal 2000.

Investment income in fiscal 2002 includes a $300,000 writedown to market value of a certain marketable security whose decline in value was deemed to be other than temporary. This loss was offset by realized gains on sales of marketable securities of $172,000. This is compared to fiscal 2001 when the Company had realized gains of $469,000 on the sale of marketable securities less a $287,000 writedown to market value of a marketable security whose decline in value was deemed to be other than temporary. In fiscal 2000, the Company had realized gains $1.6 million. Excluding these net gains and losses, investment income in fiscal 2002 was lower by $480,000 (19%) than fiscal 2001. This decline is attributable to a combination of lower interest rates and a decreased level of invested assets as a result of the Gillam acquisition in the first half of fiscal 2001. In fiscal 2001, non-gain related investment income was $198,000 (9%) higher than fiscal 2000. In addition to interest income, the Company also realizes quarterly dividend income on its REIT units. The Company anticipates that investment income in future years will remain fairly constant assuming a relatively stable interest rate environment and if the level of investments remains the same.

Interest expense in fiscal 2002 decreased by $31,000 (9%) from fiscal 2001. Fiscal 2001 interest expense increased by $27,000 (9%) from fiscal 2000. Included in the fiscal 2002 and 2001 amounts is $36,000 and $56,000, respectively, of interest expense paid by Gillam-FEI. Except for the inclusion of interest expense from Gillam-FEI in fiscal 2001, interest expense would have continued its decline as the Company retires its long-term financing obligations. It incurs interest expense on Gillam-FEI's credit obligations, the financing arrangement for the leaseback of the U.S. manufacturing facility and for certain deferred compensation payments. The Company anticipates that interest expense in fiscal 2003 will be approximately the same as the expense for fiscal 2002.

During fiscal 2002, other income, net, increased by $42,000 over fiscal 2001 and by $211,000 from fiscal 2000 to 2001. Gillam-FEI contributed $127,000 and $76,000 of this growth in fiscal years 2002 and 2001, respectively. In fiscal 2000, the Company incurred approximately $170,000 of expenses related to an attempted acquisition of another company. The Company anticipates that in future years other income, net, will not be a significant contributor to pretax earnings.

Income Taxes

As a result of the acquisition of Gillam S.A. during fiscal 2001, the Company is now subject to taxation in several countries. The statutory federal rates vary from 34% in the United States to 40% in Europe. The effective rate for the Company for the year ended April 30, 2002 was 19% compared to 31% in fiscal 2001 and to 29% in fiscal 2000. In all three years, the effective rate is lower than the statutory rate primarily due to the availability of Research and Development Tax Credits in the United States. (See Note 13 to the Consolidated Financial Statements.)

The Company's European subsidiaries have available net operating loss carryforwards of approximately $2.0 million to offset future taxable income. These loss carryforwards may be utilized for an indefinite period of time.

LIQUIDITY AND CAPITAL RESOURCES

The Company's balance sheet continues to reflect a highly liquid position with working capital of $66.2 million at April 30, 2002. Included in working capital at April 30, 2002 is $36.2 million of cash, cash equivalents and short-term investments, including approximately $12 million representing the fair market value of REIT units which are convertible to Reckson Associates Realty Corp. common stock. (See Note 6 to the financial statements.) The Company's current ratio at April 30, 2002 is 9.7 to 1.

Net cash provided by operating activities for the year ended April 30, 2002, was $4.9 million compared to $4.0 million provided in fiscal 2001. While fiscal 2002 earnings were less than the prior year, $4.5 million was received during the year for reimbursement of expenses under directors' and officers' liability insurance coverage. (See Item 3. Legal Proceedings and Note 9 to the financial statements.) This inflow was offset by payment of income taxes of $3.3 million, of which approximately 45% is attributable to the insurance reimbursements. Additional cash was provided by collections on accounts receivable which was offset by payments against beginning of the year accrued expenses.

Net cash provided by investing activities for the year ended April 30, 2002, was $607,000. Approximately $2.5 million was generated by the sale and conversion of certain marketable securities, net of purchases. Approximately $1.5 million was used to acquire additional property, plant and equipment and approximately $300,000 was used to make an investment in Morion, Inc., a Russian crystal oscillator manufacturer. In fiscal 2001, net cash used in investing activities was $5.0 million. The major transaction during fiscal 2001 was the acquisition of Gillam-FEI for which the Company utilized cash of $8.9 million, including transaction costs. This purchase was partially funded by the redemption of certain marketable securities of approximately $6.2 million and was also offset by the acquired cash of Gillam-FEI of $758,000. The Company acquired and sold other marketable securities that resulted in a net outflow of cash in the amount of $1.1 million. The Company may continue to invest cash equivalents in longer-term securities or to convert short-term investments to cash equivalents as dictated by its investment and acquisition strategies. The Company will continue to acquire more efficient equipment to automate its production process. It intends to spend less than $2 million on capital equipment during fiscal 2003. Internally generated cash will be adequate to acquire this capital equipment.

Net cash used by financing activities for the year ended April 30, 2002, was $2.2 million. Of this amount, $1.7 million was used to pay the Company's semi-annual cash dividends to shareholders and $750,000 was used to make regularly scheduled long-term liability payments. These outflows were partially offset by proceeds of $88,000 from new borrowings and payments of $95,000 received from the sale of shares of common stock from treasury to satisfy the exercise of stock options granted to certain officers and employees in prior years . The Company will continue to use treasury shares to satisfy the future exercise of stock options granted to officers and employees. The Company may repurchase shares of its common stock for treasury whenever appropriate opportunities arise but it has neither a formal repurchase plan nor commitments to purchase additional shares in the future.

The Company will continue to expend resources to develop and improve products for wireless and wireline commercial communication systems, which management believes will result in future growth and continued profitability. During fiscal 2003, the Company intends to make a substantial investment of capital and technical resources to develop new products to meet the needs of the commercial communications marketplace and to invest in more efficient product designs and manufacturing procedures. Where possible, the Company will secure partial customer funding for such development efforts but is targeting to spend its own funds at a rate of approximately 10% of revenues to achieve its development goals. Internally generated cash will be adequate to fund these development efforts.

As of April 30, 2002, the Company's consolidated backlog amounted to approximately $31 million (see Item 1). Of this backlog, approximately 61% represents orders for the Commercial Communications segment, 16% for the Gillam-FEI segment and 23% for the U.S. Government segment. Approximately 75% of this backlog is expected to be filled during the Company's fiscal year ending April 30, 2003.

Recent Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting and eliminates the pooling method of accounting. The Company will apply the provisions of SFAS No. 141 on all future acquisitions and business combinations. The acquisition of Gillam-FEI in September 2000 was recorded as a purchase.

Under SFAS No.142, which was adopted by the Company on May 1, 2001, goodwill is no longer subject to amortization over its estimated useful life. However, goodwill is subject to at least an annual assessment for impairment and more frequently if circumstances warrant. Annually, the Company will perform a fair value based goodwill impairment test. If the recorded value of goodwill and certain intangibles exceeds fair value, a write-down of goodwill would be charged to results of operations in the period in which the impairment is identified. The adoption of SFAS 142 eliminated amortization of goodwill thereby reducing selling and administrative expenses by approximately $193,000 from the fiscal 2001 amount which was recorded from the date of acquisition of Gillam-FEI.

In August 2001, the FASB issued SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS 121 and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations for a Disposal of a Segment of a Business." SFAS 144 is effective for fiscal years beginning after December 15, 2001. The Company will adopt SFAS 144 as of May 1, 2002 and does not expect that the adoption of this statement will have a significant impact on the Company's financial position and results of operations.

In April 2002, the FASB issued SFAS 145, "Rescission of FASB Statements No.4, 44, and 62, Amendment of FASB Statement No. 13, and Technical Corrections". In general, SFAS 145 will require gains and losses on extinguishments of debt to be classified as income or loss from continuing operations rather than as extraordinary items as previously required under Statement 4. Gains or losses from extinguishments of debt for fiscal years beginning after May 15, 2002 shall not be reported as extraordinary items unless the extinguishment qualifies as an extraordinary item under the provisions of APB Opinion No.30.

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. (REIT units, see Item 2. Properties and Note 6 to the financial statements). The Company's investments in fixed income and equity securities were $16.7 million and $14.2 million, respectively, at April 30, 2002. 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 April 30, 2002, 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 (investment income).

Foreign Currency Risk

With its acquisition of Gillam-FEI in September 2000, and the establishment of a manufacturing facility in China, FEI- Asia, the Company has become subject to foreign currency translation risk. For each of these investments, the Company does not have any near-term intentions to repatriate its invested cash. 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 April 30, 2002, the amount related to foreign currency exchange rates is a $108,000 unrealized gain. 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 in local currency can vary significantly upon translation into US dollars if exchange rates fluctuate significantly from one period to the next.

European Union Conversion to Euro

Effective January 1, 2002, the eleven participating countries of the European Union converted the "legacy" currency of each country into the Euro. Thereafter, all cash transactions are to be conducted solely in the Euro with legacy currencies canceled. The Company's European-based subsidiaries operate in two of the participating countries and are therefore obligated to comply with the new currency requirements. To the knowledge of Company management, this conversion has had little, if any, impact on contractual agreements, banking arrangements, employment agreements or similar matters. The subsidiaries' accounting systems and records were modified to accommodate the new currency but the cost of doing so was nominal.

OTHER MATTERS

The financial information reported herein is not necessarily indicative of future operating results or of the future financial condition of the Company. Except as noted, management is unaware of any impending transactions or events that are likely to have a material adverse effect on results from operations.

INFLATION

During fiscal 2002, as in the two prior fiscal years, the impact of inflation on the Company's business has not been materially significant.

Item 7a. Quantitative and Qualitative Disclosures about Market Risk

The information required by this item is included in the text in response to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, above and is incorporated herein by reference.

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

The statements in this Annual Report on Form 10K 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, the availability of capital, and the outcome of certain litigation and arbitration proceedings. 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.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Frequency Electronics, Inc.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 14(a)(1) on page 47 present fairly, in all material respects, the financial position of Frequency Electronics, Inc. and its subsidiaries as of April 30, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended April 30, 2002 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 14(a)(2) on page 47 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and the financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PRICEWATERHOUSECOOPERS LLP
Melville, New York
June 26, 2002

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES
Consolidated Balance Sheets
April 30, 2002 and 2001

ASSETS:	2002	2001
	(In thousands)	
Current assets:		
Cash and cash equivalents	$ 5,383	$ 2,121
Marketable securities	30,848	33,407
Accounts receivable, net of allowance for doubtful accounts of $124 in 2002 and $190 in 2001	11,725	15,160

Inventories	19,601	20,471
Deferred income taxes	3,645	4,313
Income taxes receivable	1,328	--
Prepaid expenses and other	1,350	4,662
Total current assets	73,880	80,134
Property, plant and equipment, at cost, less accumulated depreciation and amortization	11,361	11,997
Deferred income taxes	280	69
Goodwill, net of amortization in 2001	4,938	4,987
Other assets	5,552	4,852
Total assets	$ 96,011	$102,039

Continued

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES
Consolidated Balance Sheets
April 30, 2002 and 2001
(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY:	2002	2001
	(In thousands)	
Current liabilities:		
Current portion of debt	$ 384	$ 699
Accounts payable - trade	2,359	2,408
Accrued liabilities	4,073	7,228
Dividend payable	833	829
Income taxes payable	--	2,370
Total current liabilities	7,649	13,534
Deferred compensation	6,496	5,726
REIT liability and other liabilities	11,300	12,348
Total liabilities	25,445	31,608
Commitments and contingencies (Notes 6 and 9)		
Minority interest in subsidiary	224	226
Stockholders' equity:		
Preferred stock - authorized 600,000 shares of $1.00 par value; no shares issued	--	--
Common stock - authorized 20,000,000 shares of $1.00 par value; issued - 9,163,939 shares	9,164	9,164
Additional paid-in capital	43,077	42,860
Retained earnings	20,939	21,226
	73,180	73,250
Common stock reacquired and held in treasury - at cost (830,074 shares in 2002 and 872,669 shares in 2001)	(2,806)	(3,127)
Other stockholders' equity	(116)	(122)
Accumulated other comprehensive income	84	204
Total stockholders' equity	70,342	70,205
Total liabilities and stockholders' equity	$ 96,011	$ 102,039

The accompanying notes are an integral part of these financial statements.

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES
Consolidated Statements of Operations
Years ended April 30, 2002, 2001 and 2000

	2002	2001	2000
	(In thousands, except share data)		
Net sales	$ 41,179	$ 49,210	$ 26,535
Cost of sales	27,090	32,180	14,884
Gross margin	14,089	17,030	11,651
Selling and administrative expenses	8,932	8,820	5,275
Insurance reimbursement, net	(1,500)	(2,576)	--
Research and development expenses	6,568	4,847	5,368
Operating profit	89	5,939	1,008
Other income (expense):			
Investment income	1,864	2,655	3,929
Interest expense	(302)	(333)	(306)
Other, net	46	4	(207)
Income before minority interest and provision for income taxes	1,697	8,265	4,424
Minority interest in (loss) income of consolidated subsidiary	(1)	29	--
Income before provision for income taxes	1,698	8,236	4,424
Provision for income taxes	320	2,592	1,280
Net Income	$ 1,378	$ 5,644	$ 3,144
Net Income per common share:			
Basic	$ 0.17	$ 0.69	$ 0.41
Diluted	$ 0.16	$ 0.67	$ 0.39
Average shares outstanding:			
Basic	8,350,735	8,198,569	7,673,497
Diluted	8,529,175	8,431,823	8,043,727

The accompanying notes are an integral part of these financial statements.

FREQUENCY ELECTRONICS, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
Years ended April 30, 2002, 2001 and 2000
(In thousands, except share data)

	Common Stock		Additional paid in	Retained	Treasury stock (at cost)	
	Shares	Amount	capital	earnings	Shares	Amount
Balance at May 1, 1999	9,009,259	$9,009	$36,940	$15,653	1,346,850	($4,058)
Exercise of stock options			341		(330,298)	414
Amortization of Independent Contractor stock options			170			

Amortization of ESOP debt			478			
Payment received for common stock subscribed						
Amortization of unearned compensation						
Cash dividend				(1,558)		
Decrease in market value of marketable securities						
Net income				3,144		
Comprehensive income- 2000	---------	-----	------	------	---------	------
Balance at April 30, 2000	9,009,259	9,009	37,929	17,239	1,016,552	3,644
Exercise of stock options			510		(129,288)	206
Tax benefit from stock option exercise			809			
Amortization of independent Contractor stock options			310			
Contribution of stock to 401(k) plan			(8)		(14,595)	311
Issuance of stock for Gillam acquisition	154,681	155	3,310			
Amortization of unearned compensation						
Cash dividend				(1,657)		
Increase in market value of Marketable securities						
Foreign currency translation adjustment						
Net income				5,644		
Comprehensive income- 2001	---------	-----	------	------	-------	-----
Balance at April 30, 2001	9,163,940	9,164	42,860	21,226	872,669	3,127
Exercise of stock options			52		(14,375)	43
Amortization of independent contractor stock options			45			
Contribution of stock to 401(k) plan			120		(28,220)	278
Amortization of unearned compensation						
Cash dividend				(1,665)		
Increase in market value of Marketable securities						
Foreign currency translation adjustment						
Net income				1,378		
Comprehensive income- 2002	---------	------	-------	-------	-------	--------
Balance at April 30, 2002	9,163,940	$9,164	$43,077	$20,939	830,074	($2,806)

	Unamortized ESOP debt	Other Stockholders' equity	Accumulated other comprehensive income (loss)	Total
Balance at May 1, 1999	($500)	($334)	($203)	$56,507
Exercise of stock options				755
Amortization of Independent Contractor stock options				170
Amortization of ESOP debt	500			978
Payment received for common stock subscribed		172		172
Amortization of unearned compensation		27		27
Cash dividend				(1,558)
Decrease in market value of marketable securities			(1,205)	(1,205)
Net income				3,144
Comprehensive income- 2000				1,939
Balance at April 30, 2000	0	(135)	(1,408)	58,990
Exercise of stock options				716
Tax benefit from stock option exercise				809
Amortization of independent Contractor stock options				310
Contribution of stock to 401(k) plan				303
Issuance of stock for Gillam acquisition				3,465
Amortization of unearned compensation		13		13
Cash dividend				(1,657)
Increase in market value of Marketable securities			1,367	1,367
Foreign currency translation adjustment			245	245
Net income				5,644
Comprehensive income- 2001				7,256
Balance at April 30, 2001	0	(122)	204	70,205
Exercise of stock options				95
Amortization of independent contractor stock options				45
Contribution of stock to 401(k) plan				398
Amortization of unearned compensation		6		6
Cash dividend				(1,665)
Increase in market value of Marketable securities			17	17

Foreign currency translation adjustment			(137)	(137)
Net income				1,378
Comprehensive income- 2002				1,258
Balance at April 30, 2002	$ 0	($116)	$84	$70,342

The accompanying notes are an integral part of these financial statements.

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended April 30, 2002, 2001 and 2000

	2002	2001	2000
		(In thousands)	
Cash flows from operating activities:			
Net income	$ 1,378	$ 5,644	$ 3,144
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Deferred tax expense (benefit)	358	(1,408)	840
Depreciation and amortization	1,460	1,446	1,117
Provision for losses on accounts receivable and inventories	452	2,001	151
Loss (Gain) on marketable securities and notes receivable- net	128	(181)	(1,654)
Tax benefit from stock option exercise	--	809	--
Amortization resulting from allocation of ESOP shares	--	--	978
Minority interest in (loss) earnings of subsidiary	(1)	29	--
Changes in assets and liabilities, exclusive of assets and liabilities acquired:			
Accounts receivable	3,360	(1,195)	2,583
Inventories	546	(4,612)	(3,745)
Prepaid and other	308	(262)	(174)
Other assets	(341)	(373)	(359)
Accounts payable trade	(21)	44	182
Insurance reimbursement receivable	3,000	(3,000)	--
Accrued liabilities	(2,524)	1,150	773
Liability for employee benefit plans	1,429	1,271	766
Income taxes payable	(3,698)	2,781	(676)
Other liabilities	(939)	(193)	(383)
Net cash provided by operating activities	4,895	3,951	3,543
Cash flows from investing activities:			
Payment for acquisition, net of cash acquired of $758 in 2001	--	(8,138)	--
Purchase of minority interest in manufacturing partner	(313)	--	--
Purchase of marketable securities	(21,154)	(4,318)	(24,611)
Proceeds from sale or redemption of marketable securities	23,615	9,384	27,468
Capital expenditures	(1,541)	(1,929)	(668)
Net cash provided by (used in) investing activities	607	(5,001)	2,189

Continued

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended April 30, 2002, 2001 and 2000
(Continued)

	2002	2001	2000
		(In thousands)	
Cash flows from financing activities:			
Principal payments of long-term debt and other long-term obligations	(750)	(929)	(700)
Proceeds from long-term obligations	88	--	--
Payment of cash dividend	(1,661)	(1,627)	(1,532)
Payment on notes receivable from employees	--	--	172
Exercise of stock options	95	716	755
Net cash used in financing activities	(2,228)	(1,840)	(1,305)

Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	3,274	(2,890)	4,427
Effect of exchange rate changes on cash and cash equivalents	(12)	17	--
Net increase (decrease) in cash and cash equivalents	3,262	(2,873)	4,427
Cash and cash equivalents at beginning of year	2,121	4,994	567
Cash and cash equivalents at end of year	$ 5,383	$ 2,121	$ 4,994
Supplemental disclosures of cash flow information: Cash paid during the year for:			
Interest	$ 283	$ 297	$ 312
Income taxes	$ 3,352	$ 971	$ 1,159
Other activities which affect assets or liabilities but did not result in cash flow during the fiscal years:			
Declaration of cash dividend	$ 833	$ 829	$ 799

The accompanying notes are an integral part of these financial statements.

1. Summary of Accounting Policies

Principles of Consolidation:

The consolidated financial statements include the accounts of Frequency Electronics, Inc. and its wholly-owned subsidiaries (the "Company" or "Registrant". References to "FEI" are to the parent company alone and do not refer to any of its subsidiaries). The Company is principally engaged in the design, development and manufacture of precision time and frequency control products and components for microwave integrated circuit applications. See Note 14 for information regarding the Company's Commercial Communications, Gillam-FEI and U.S. Government business segments. Intercompany accounts and significant intercompany transactions are eliminated in consolidation. To accommodate the different fiscal periods of Gillam-FEI, the company recognizes its share of net income or loss on a one month lag.

These financial statements have been prepared in conformity with generally accepted accounting principles and require management to make estimates and assumptions that affect amounts reported and disclosed in the financial statements and related notes. Actual results could differ from these estimates.

Reclassifications:

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

Inventories:

Inventories, which consist of finished goods, work-in-process, raw materials and components, are accounted for at the lower of cost (specific and average) or market.

Property, Plant and Equipment:

Property, plant and equipment is recorded at cost and includes interest on funds borrowed to finance construction. Expenditures for renewals and betterments are capitalized; maintenance and repairs are charged to income when incurred. When fixed assets are sold or retired, the cost and related accumulated depreciation and amortization are eliminated from the respective accounts and any gain or loss is credited or charged to income.

If events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, the Company estimates the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the long-lived asset, an impairment loss is recognized. To date, no impairment losses have been recognized.

Depreciation and Amortization:

Depreciation of fixed assets is computed on the straight-line method based upon the estimated useful lives of the assets (40 years for buildings and 3 to 10 years for other depreciable assets). Leasehold improvements are amortized on the straight-line method over the shorter of the term of the lease or the useful life of the related improvement.

Goodwill:

The Company records goodwill as the excess of purchase price over the fair value of identifiable net assets acquired. Through April 30, 2001, goodwill was amortized on a straight-line basis over the estimated useful life of 15 years. As a result of the adoption of Statement of Financial Accounting Standards ("SFAS") No. 142 "Goodwill and Other Intangible Assets" goodwill is no longer amortized but is tested for impairment on at least an annual basis. (See "New Accounting Pronouncements")

Revenue and Cost 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.

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 revenue and are recognized in the period in which revisions are determined to be required. Provisions for anticipated losses are made in the period in which they become determinable.

For contracts in the Company's Gillam-FEI segment, and smaller contracts or orders in the other business segments, sales of products and services to customers are reported in operating results upon shipment of the product or performance of the services pursuant to contractual terms.

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

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.

Income Taxes:

The Company recognizes deferred tax liabilities and assets based on the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Earnings Per Share:

Basic earnings per share are computed by dividing net earnings by the weighted average number of shares of common stock outstanding. Diluted earnings per share are computed by dividing net earnings by the sum of the weighted average number of shares of common stock and the if-converted effect of unexercised stock options.

Marketable Securities:

Marketable securities consist of investments in common stocks, mutual funds, and debt securities of U.S. government agencies. In addition, as a result of the sale of the Company's real estate holdings (Note 6), marketable securities include participation units in the Reckson Operating Partnership, L.P. ("REIT units") which are convertible to common shares of Reckson Associates Realty Corp. Except for the REIT units and certain investments in common stock, substantially all other marketable securities at April 30, 2002 and 2001 were held in the custody of two financial institutions. Investments in debt and equity securities are categorized as available for sale and are carried at fair value, with unrealized gains and losses excluded from income and recorded directly to stockholders' equity. The Company recognizes gains or losses when securities are sold using the specific identification method.

Cash Equivalents:

The Company considers certificates of deposit and other highly liquid investments with original maturities of three months or less to be cash equivalents. The Company places its temporary cash investments with high credit quality financial institutions. Such investments may be in excess of the FDIC insurance limit. No losses have been experienced on such investments.

Stock-based Plans:

The Company applies the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," 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 SFAS No. 123, 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.

Fair Values of Financial Instruments:

Cash and cash equivalents and loans payable are reflected in the accompanying consolidated balance sheets at amounts considered by management to reasonably approximate fair value based upon the nature of the instrument and current market conditions. Management is not aware of any factors that would significantly affect the value of these amounts.

New Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations" and SFAS 142, "Goodwill and Other Intangible Assets". SFAS 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting and eliminates the pooling method of accounting. The Company will apply the provisions of SFAS 141 on all future acquisitions and business combinations. The acquisition of Gillam-FEI in September 2000 was recorded as a purchase.

SFAS 142 established new standards for goodwill acquired in a business combination, eliminated amortization of goodwill and set forth methods to periodically evaluate goodwill for impairment. Intangible assets with a determinable useful life will continue to be amortized over that life. Under SFAS 142, which was adopted by the Company on May 1, 2001, although goodwill is no longer subject to amortization over its estimated useful life, it is subject to an impairment valuation. Annually, the Company will perform a fair value-based goodwill impairment test. If the recorded value of goodwill exceeds fair value, a write-down of goodwill is charged to results of operations in the period in which the impairment is identified.

If SFAS 142 had been in effect at the beginning of fiscal 2001, the Company's net income and earnings per share would have been increased by $193,000 and $0.02 per diluted share, respectively.

In August 2001, the FASB issued SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS 121 and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations for a Disposal of a Segment of a Business." SFAS 144 is effective for fiscal years beginning after December 15, 2001. The Company will adopt SFAS 144 as of May 1, 2002 and does not expect that the adoption of this statement will have a significant impact on the Company's financial position and results of operations.

In April 2002, the FASB issued SFAS 145, "Rescission of FASB Statements No.4, 44, and 62, Amendment of FASB Statement No. 13, and Technical Corrections". In general, SFAS 145 will require gains and losses on extinguishments of debt to be classified as income or loss from continuing operations rather than as extraordinary items as previously required under Statement 4. Gains or losses from extinguishments of debt for fiscal years beginning after May 15, 2002 shall not be reported as extraordinary items unless the extinguishment qualifies as an extraordinary item under the provisions of APB Opinion No.30.

2. Earnings Per Share

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

	Years ended April 30, 2002	2001	2000
Basic EPS Shares outstanding (weighted average)	8,350,735	8,198,569	7,673,497
Effect of Dilutive Securities	178,440	233,254	370,230
Diluted EPS Shares outstanding	8,529,175	8,431,823	8,043,727

Options to purchase 483,250 and 419,750 shares of common stock were outstanding during the years ended April 30, 2002 and 2001, respectively, but were not included in the computation of diluted earnings per share because the exercise price of the options was greater than the average market price of the Company's common shares during the respective periods. Since the inclusion of such options would have been antidilutive they are excluded from the computation. For the year ended April 30, 2000, all exercisable options were included in the computation of diluted earnings per share.

3. Accounts Receivable

Accounts receivable include costs and estimated earnings in excess of billings on uncompleted contracts accounted for on the percentage of completion basis of approximately $2,027,000 at April 30, 2002 and $3,814,000 at April 30, 2001. Such amounts represent revenue recognized on long-term contracts that has not been billed, pursuant to contract terms, and was not billable at the balance sheet date.

4. Marketable Securities

Marketable securities at April 30, 2002 and 2001 are summarized as follows (in thousands):

	April 30, 2002		
	Cost	Market Value	Unrealized Holding Gain (Loss)
REIT units	$ 12,000	$ 12,000	$ --
Fixed income securities	16,714	16,691	(23)
Equity securities	2,174	2,157	(17)
	$ 30,888	$ 30,848	($ 40)

	April 30, 2001		
	Cost	Market Value	Unrealized Holding Gain (Loss)
REIT units	$ 12,000	$ 12,000	$ --
Fixed income securities	19,344	19,582	238
Equity securities	2,132	1,825	(307)
	$ 33,476	$ 33,407	($ 69)

Maturities of fixed income securities classified as available-for-sale at April 30, 2002 are as follows (in thousands):

Current	$ 1,494
Due after one year through five years	7,955
Due after five years through ten years	7,265
	$16,714

During fiscal year 2002 and 2001, the decline in market value of certain fixed income securities was deemed to be other than temporary. Accordingly, the Company charged $300,000 in fiscal 2002 and $287,000 in fiscal 2001 against investment income to record the impairment in value of these securities.

5. Inventories

Inventories, which are reported net of reserves of $2,941,000 and $2,537,000 at April 30, 2002 and 2001, respectively, consisted of the following (in thousands):

	2002	2001
Raw Materials and Component Parts	$ 8,946	$ 9,227
Work in Progress and Finished Goods	10,655	11,244
	$ 19,601	$ 20,471

6. Property, Plant and Equipment

Property, plant and equipment consists of the following (in thousands):

	2002	2001
Buildings and building improvements	$11,615	$12,252
Machinery, equipment and furniture	25,933	25,010
	37,548	37,262
Less, accumulated depreciation and amortization	26,187	25,265
	$11,361	$11,997

Depreciation and amortization expense for the years ended April 30, 2002, 2001 and 2000 was $1,460,000, $1,253,000 and $1,117,000, respectively.

Maintenance and repairs charged to operations for the years ended April 30, 2002, 2001 and 2000 was approximately $440,000, $485,000 and $369,000, respectively.

In January 1998, in two transactions, the Company sold two buildings to Reckson Associates Realty Corp., a real estate investment trust ("REIT") whose shares are traded on the New York Stock Exchange. In one sale transaction, the Company sold the building which it had leased to Laboratory Corporation of America ("LCA"), receiving cash of approximately $15.6 million and realizing a gain of approximately $5.4 million after selling expenses which amount was included in "Other income, net" in fiscal year 1998.

In the other sale, the Company effected a tax-deferred exchange of the building which it occupies for approximately 486,000 participation units of Reckson Operating Partnership, L.P. ("REIT units") which were valued at closing at $12 million. Each REIT unit is convertible into one share of the common stock of the REIT. In addition, approximately 27,000 REIT units have been placed in escrow which may be released to the Company based upon the price per share of the REIT on the date of conversion of REIT units.

The Company leased back approximately 43% of the latter building from the purchaser (the "Reckson lease"). Under the accounting provisions for sale and leaseback transactions, the sale of this building is considered a financing and the REIT units received are reflected as a noncurrent liability of $11,088,000 and $11,338,000 at April 30, 2002 and 2001, respectively. The related building continues to be reflected as an asset. Upon liquidation of the REIT units, a portion of the resulting gain on this sale will be deferred and recognized into income over the term of the leaseback with the balance recognized in income on the date of liquidation. The Company's annual rental payment of $400,000 is characterized as repayment of the financing with a portion allocated to interest expense at an assumed interest rate of 6.5% and the balance is considered repayment of principal. During the years ended April 30, 2002, 2001 and 2000, the Company charged $149,000, $165,000 and $180,000, respectively, to interest expense under the financing agreement.

The Reckson lease contains two five-year renewal periods at the option of the Company. Annual rental payments are $400,000 for the initial 11-year term which ends in January 2009. Under the terms of the lease the Company is required to pay its proportional share of real estate taxes, insurance and other charges. The lease for the FEI-Asia facility is for a one-year term with rent of $9,850 payable quarterly. .

Future minimum lease payments required by the leases are as follows (in thousands):

Years ending April 30,	
2003	$ 430
2004	400
2005	400
2006	400
2007	400
2008 and thereafter	667
	$2,697

7. Debt Obligations

The Company's European subsidiaries have available approximately $7.6 million in bank credit lines to meet short-term cash flow requirements. As of April 30, 2002 and 2001, $213,000 and $537,000, respectively, was outstanding under such lines of credit. One of the credit lines is collateralized by the accounts receivable of the Company's French subsidiary. All other credit lines are unsecured. Interest on these credit lines varies from 0.5% to 1.5% over the EURO Interbank Offered rate (EURIBOR). At April 30, 2002, the rate was 4.802% based on the 3 month EURIBOR.

The Company also has several long-term debt obligations aggregating approximately $292,000 which are secured primarily by the Company's European buildings. Three of the loans, maturing in 2004 through 2007, are payable in monthly installments, including interest at 5.25% to 5.61%, in the aggregate amount of $7,750. The fourth loan, maturing in 2003, is payable in annual installments of $87,000, plus interest at 5.52%.

Debt scheduled to mature in each of the subsequent years ending April 30, are as follows: (in thousands)

2003	$384
2004	73
2005	17
2006	18
2007	13
	$505

8. Accrued Liabilities

Accrued liabilities at April 30, 2002 and 2001 consist of the following (in thousands):

	2002	2001
Due customers	$ 751	$2,915
Accrued bonus	130	1,181
Other compensation including payroll taxes	1,360	1,089
Vacation accrual	491	512
Other	1,341	1,531
	$4,073	$7,228

9. Commitments and Contingencies

Qui Tam Action:

In March 1994, a qui tam action brought by Ralph Muller, a former FEI employee, was served upon FEI and Martin Bloch, its President. A qui tam action is an action wherein an individual may, under certain circumstances, bring a legal action against one or more third persons on behalf of the Government for damages and other relief by reason of one or more alleged wrongs perpetrated against the Government by such third persons. The complaint alleges that FEI, in connection with its subcontract to design and manufacture certain oscillators which are components of the Government's Advance Medium Range Air to Air Missiles ("AMRAAMS"), improperly designed, manufactured and tested the oscillators and as a result the Government sustained damages. The complaint demands an unspecified amount of damages allegedly suffered by the Government, and asks that the Court determine the damages and assess civil penalties as provided under the False Claims Act. Under the False Claims Act, a recovery can be made in favor of the Government for a civil penalty of not less than $5,000 and not more than $10,000 as to each false claim and for each false record and statement, plus three times the amount of damages it is determined the Government sustained, plus legal fees and expenses. Under the provisions of the False Claims Act, the Government is permitted to take over the prosecution of the action. The Government has declined to prosecute the action and Muller is proceeding with the action on behalf of the Government.

The action was stayed by the court between approximately April 1997 through June 1998 and January 2000 through July 2000. Limited discovery has taken place. The Government has determined that all documents related to this action are classified necessitating the implementation of extraordinary procedures for purposes of conducting discovery. In August 1999, the attorneys representing Muller withdrew as his counsel. Since that time Muller has been representing himself on a pro se basis.

In May 2002, FEI and Mr. Bloch filed and argued a motion for summary judgment dismissing the Amended Complaint. The motion is under consideration by the Court and the defendants are continuing to pursue their counterclaims.

Company Position and Legal Fees:

The Company and Mr. Bloch consider the allegations of the complaint to be unjustified; have denied the allegations and intend to vigorously defend the qui tam action. Because of the uncertainty associated with the qui tam action, FEI and its legal counsel are unable to estimate the potential liability or loss that may result, if any. Accordingly, no provision has been made in the accompanying consolidated financial statements. However, an unfavorable outcome of this qui tam action could have a material impact on the Company's financial position, results of operations and cash flows.

Included in selling and administrative expenses are legal fees incurred in connection with the above matters of approximately $150,000, $614,000 and $274,000 for fiscal years 2002, 2001 and 2000, respectively.

Directors' and Officers' Insurance Coverage

On April 30, 2002, FEI settled the arbitration proceeding it had commenced in June 2001 before the American Arbitration Association against The Home Insurance Company of Illinois ("Home") under an excess directors and officers liability insurance policy. FEI had asserted claims for its loss relating to, among other matters, sums it paid in connection with certain litigation with the US government which was settled in 1998. Under the terms of the settlement agreement, Home paid FEI $1.5 million, FEI released its claims and the arbitration was discontinued.

On March 14, 2000, FEI commenced an action in the state court against National Union Fire Insurance of Pittsburgh, PA ("National"). The complaint set forth causes of action for declaratory judgment and breach of contract relating to certain directors and officers' liability insurance policies in connection with the Muller qui tam action and certain other litigations which the Company had previously settled. Pursuant to a Settlement Agreement dated April 18, 2001, the action against National was settled, FEI was paid $3.0 million (excluding related legal costs) representing the full amount of the available coverage under the applicable National policy, FEI released its claims and the action was discontinued.

10. Notes Receivable - Common Stock
- ----------------------------------

In October 1994, certain officers and employees acquired an aggregate of 375,000 shares of the Company's common stock in the open market. The purchase price of these shares of approximately $822,000 was financed by advances from the Company to such officers and employees. The notes, collateralized by the shares of common stock purchased, accrue interest at 1/2% above prime (6.0% at April 30, 2002) which is payable and adjusted annually. The principal was due in its entirety at the earlier of termination of employment or October 1999. Certain officers who owed an aggregate of $115,500 at April 30, 2002 and 2001, requested and received an extension of the due date of the notes to October 2004. During the year ended April 30, 2000, certain officers and employees made payments on their notes in the aggregate amount of $172,000. No payments were received during fiscal 2002 or 2001.

11. Acquisition of Gillam S.A.
- ------------------------------

On September 13, 2000, the Company completed its acquisition of substantially all of the outstanding shares of Gillam S.A. ("Gillam"), a privately-held company organized under the laws of Belgium. Gillam's business is based in the telecommunications market and targeted to four main areas:

(i) "Wireline Network Synchronization"--managing timing and interconnectivity for communication networks; (ii) "Remote Control"--consisting of network monitoring systems; (iii) "Rural Telephony"--equipment designed to connect isolated subscribers to a telephone network via satellite and (iv) "Power Supplies" --produced through a subsidiary, for telecom service providers. The acquired company has been renamed Gillam-FEI.

The Gillam acquisition was consummated pursuant to the terms of a Share Purchase Agreement dated as of August 29, 2000. Under terms of the agreement, the Company paid $8,400,264 in cash and issued 154,681 shares of common stock ("FEI stock") to acquire the outstanding stock of Gillam. Based upon the market value of FEI's stock on July 25, 2002, the Share Purchase Agreement may require the Company to issue to the Gillam shareholders up to 35,000 additional shares of FEI stock. In addition, the Company paid approximately $496,000 in direct transaction costs. Thus, the total purchase price is approximately as follows:

	(in thousands)
Cash paid for Gillam shares	$ 8,400
Fair value of restricted shares issued	3,465
Direct transaction costs	496
Total purchase price	$12,361

The Gillam acquisition is treated as a purchase. The purchase price is allocated to net assets acquired of approximately $7,282,000 and to goodwill of approximately $5,079,000. Goodwill amortization in fiscal 2001 was $193,000 and was computed on the straightline method using a 15-year life. As of May 1, 2001, under the provisions of Statement 142 of the Financial Accounting Standards Board, "Goodwill and Other Intangible Assets", goodwill is no longer amortized but is tested periodically for impairment.

The accompanying consolidated statements of operations for the years ended April 30, 2002 and 2001 include the results of operations of Gillam from September 13, 2000 through March 31, 2002. (Gillam retains its April 1 to March 31 fiscal year for financial reporting purposes.) The pro forma financial information set forth below is based upon the Company's historical consolidated statements of operations for the years ended April 30, 2001 and 2000, adjusted to give effect to the acquisition of Gillam as of the beginning of each of the periods presented. 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, 1999, nor does it purport to represent the results of operations for future periods.

	Pro forma (unaudited) Years ended April 30, 2001	2000
	(In thousands except per share data)	
Net Sales	$53,569	$42,312
Operating Profit	$ 5,495	$ 1,832
Income from continuing operations	$ 5,440	$ 3,222
Earnings per share- basic	$ 0.66	$ 0.41
Earnings per share- diluted	$ 0.64	$ 0.39

Goodwill Impairment Test

The Company performed the transitional impairment test of goodwill as of October 31, 2001 and conducted a revaluation as of April 30, 2002. The assessments included a comparison of the carrying value of goodwill at the reporting unit level (i.e.- Gillam-FEI) to the estimated fair value of the reporting unit based on market value calculations developed by management. These calculations use a market value approach based on ratios of recent public-market equity transactions. Using comparable ratios for Gillam-FEI, the Company determined that the carrying value of goodwill does not appear to be in excess of fair value at the October 31, 2001 or April 30, 2002 measurement dates. Accordingly, no goodwill impairment has been recognized in the Company's consolidated results of operations for the year ended April 30, 2002.

12. Employee Benefit Plans

Profit Sharing Plan:

The Company adopted a profit sharing plan and trust under section 401(k) of the Internal Revenue Code. This plan allows all eligible employees to defer a portion of their income through voluntary contributions to the plan. In accordance with the provisions of the plan, the Company can make discretionary matching contributions in the form of cash or common stock. For the years ended April 30, 2002 and 2001, the Company contributed 28,220 and 14,592 shares of common stock, respectively. The approximate value of these shares at the date of issuance was $400,000 in fiscal 2002 and $300,000 in fiscal 2001. There were no such contributions in fiscal 2000.

Income Incentive Pool:

The Company maintains incentive bonus programs for certain employees which are based on operating profits of the Company. The Company also adopted a plan for the President and Chief Executive Officer of the Company, which formula is based on pre-tax profits. For fiscal 2002, no amount for bonuses was recorded in selling and administrative expenses due to the lack of earnings after exclusion of the insurance reimbursement. The Company charged $1,073,000 and $175,000 to operations under these plans for the fiscal years ended April 30, 2001 and 2000, respectively.

Independent Contractor Stock Option Plan:

The Company has an Independent Contractor Stock Option Plan under which up to 350,000 shares may be granted. An Independent Contractor Stock Option Committee determines to whom options may be granted from among eligible participants, the timing and duration of option grants, the option price, and the number of shares of common stock subject to each option. Each of the option grants in fiscal 2001 and 2000, as indicated in the table below, were granted to certain independent contractors at a price equal to the then fair market value of the Company's common stock. Each option grant permitted immediate exercise of a portion of the options (24% to 34% of the total grant) with the balance exercisable proportionately over the next two to three years. For the years ended April 30, 2002, 2001 and 2000, the Company recognized compensation expense of $45,000, $310,000 and $170,000, respectively, as a result of these stock option grants.

Transactions under this plan, including the weighted average exercise prices of the options, are as follows:

	2002		2001		2000	
	Shares	Wtd Avg Price	Shares	Wtd Avg Price	Shares	Wtd Avg Price
Outstanding at beginning of year	114,350	$15.31	122,300	$15.21	112,500	$15.75
Granted	-	-	6,000	$15.80	12,000	$8.98
Exercised	-	-	(13,950)	$13.54	(2,200)	$8.88
Outstanding at end of year	114,350	$15.31	114,350	$15.31	122,300	$15.21
Exercisable at end of year	109,350	$15.32	104,050	$15.54	89,200	$15.63
Available for grant at end of year	219,500		219,500		75,500	
Weighted average fair value of options granted during the year	$ -		$ 8.81		$ 4.35	

Employee Stock Option Plans:

The Company has various stock option plans for key management employees, including officers and directors who are employees. The plans are both Nonqualified Stock Option ("NQSO") plans and Incentive Stock Option ("ISO") plans. Under both types of plans options are granted at the discretion of the Stock Option committee at an exercise price not less than the fair market value of the Company's common stock on the date of grant. Under one NQSO plan the options are exercisable one year after the date of grant. Under the remaining plans the options are exercisable over a four-year period beginning one year after the date of grant. The options expire ten years after the date of grant and are subject to certain restrictions on transferability of the shares obtained on exercise. As of April 30, 2002, eligible employees had been granted options to purchase 872,000 shares of Company stock under ISO plans of which 131,750 options are outstanding and 9,750 are exercisable. Through April 30, 2002, eligible employees have been granted options to acquire 1,090,000 shares of Company stock under NQSO plans. Of the NQSO options, approximately 837,000 are outstanding and approximately 504,250 are exercisable (see tables below).

The excess of the consideration received over the par value of the common stock or cost of treasury stock issued under both types of option plans has been recognized as an increase in additional paid-in capital. No charges are made to income with respect to the ISO or NQSO plans.

Transactions under these plans, including the weighted average exercise prices of the options, are as follows:

	2002		2001		2000	
	Shares	Wtd Avg Price	Shares	Wtd Avg Price	Shares	Wtd Avg Price
Outstanding at beginning of year	861,437	$13.30	611,800	$7.65	792,625	$6.14
Granted	122,000	$11.25	330,000	$22.03	156,500	$7.50
Exercised	(14,375)	$6.76	(80,363)	$6.18	(316,825)	$3.82
Expired or canceled	-		-		(20,500)	$7.26
Outstanding at end of year	969,062	$13.14	861,437	$13.30	611,800	$7.65
Exercisable at end of year	514,000	$10.23	351,048	$7.74	304,593	$6.83
Available for grant at end of year	342,000		65,500		205,000	
Weighted average fair value of options granted during the year	$7.00		$12.24		$3.68	

The weighted average remaining contractual life of options outstanding at April 30, 2002, 2001 and 2000 is 7.7, 8.3 and 8.1 years, respectively. At April 30, 2002, 2001 and 2000, option prices per share were from $3.25 to $23.750.

The Company applies the disclosure-only provision for SFAS No. 123 in accounting for the stock option plans. 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 SFAS No. 123, the pro forma effect on the Company's financial statements would have been as follows:

(in thousands, except per share data)	2002	2001	2000
Net Income, as reported	$ 1,378	$ 5,644	$ 3,144
Net Income - pro forma	$ 474	$ 5,233	$ 2,468
Earnings per share, as reported:			
Basic	$ 0.17	$ 0.69	$ 0.41
Diluted	$ 0.16	$ 0.67	$ 0.39
Earnings per share- pro forma			
Basic	$ 0.06	$ 0.64	$ 0.32
Diluted	$ 0.06	$ 0.62	$ 0.31

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 2002, 2001 and 2000, respectively, dividend yield of 1.83%, 3.0% and 3.0%; expected volatility of 65%, 70%, and 47%; risk free interest rate (ranging from 5.5% to 8.0%); and expected lives ranging from seven to ten years.

Restricted Stock Plan:

During fiscal 1990, the Company adopted a Restricted Stock Plan which provides that key management employees may be granted rights to purchase an aggregate of 375,000 shares of the Company's common stock. The grants, transferability restrictions and purchase price are determined at the discretion of a special committee of the board of directors. The purchase price may not be less than the par value of the common stock.

2002 2001 2000

	Shares	Wtd Avg Price	Shares	Wtd Avg Price	Shares	Wtd Avg Price
Outstanding at beginning of year	30,000	$4.00	69,000	$3.94	99,000	$3.93
Granted	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Exercised	-	-	(39,000)	$4.00	(30,000)	$4.00
Outstanding at end of year	30,000	$4.00	30,000	$4.00	69,000	$3.94
Exercisable at end of year	30,000	$4.00	30,000	$4.00	69,000	$3.94
Balance of shares available for grant at end of year	98,250		98,250		98,250	

Transferability of shares is restricted for a four-year period, except in the event of a change in control as defined. Amounts shown as unearned compensation in stockholders' equity represent the excess of the fair market value of the shares over the purchase price at the date of grant which is being amortized as compensation expense over the period in which the restrictions lapse.

Employee Stock Ownership Plan/Stock Bonus Plan:

During 1990 the Company amended its Stock Bonus Plan to become an Employee Stock Ownership Plan ("ESOP"). By means of a bank note, subsequently repaid, the Company reacquired 561,652 shares of its common stock during fiscal 1990. These shares plus approximately 510,000 additional shares issued by the Company from its authorized, unissued shares were sold to the ESOP in May 1990. Shares were released for allocation to participants based on a formula as specified in the ESOP document. By the end of fiscal 2000, all shares (1,071,652) had been allocated to participant accounts of which 661,004 shares remain in the ESOP.

In accordance with Statement of Position ("SOP") 93-6, the annual expense related to the leveraged ESOP, was determined as interest incurred on the note plus compensation cost based on the fair value of the shares released. Since all shares were released to the ESOP prior to May 1, 2000, no expense was recorded in fiscal years 2002 and 2001. The ESOP expense was approximately $978,000 for the year ended April 30, 2000.

Deferred Compensation Plan:

The Company has a program for key employees providing for the payment of benefits upon retirement or death. Under the plan, each key employee receives specified retirement payments for the remainder of the employee's life with a minimum payment of ten years' benefits to either the employee or his beneficiaries. The plan also provides for reduced benefits upon early retirement or termination of employment. The Company pays the benefits out of its working capital but has also purchased whole life insurance policies on the lives of certain of the participants to cover the optional lump sum obligations of the plan upon the death of the participant.

Deferred compensation expense charged to operations during the years ended April 30, 2002, 2001 and 2000 was approximately $982,000, $620,000 and $494,000, respectively. During fiscal 2002, the Company made modifications to the benefits of certain employees and added two new participants. Accordingly, deferred compensation expense in fiscal 2002 included approximately $400,000 to account for the benefit modifications.

13. Income Taxes

The provision for income taxes consists of the following (in thousands):

	2002	2001	2000
Current:			
Federal	$ --	$ 3,520	$ 200
Foreign	32	--	--
State	(70)	480	240
Current (benefit) provision	(38)	4,000	440
Deferred			
Federal	228	(1,214)	715
Foreign	90	9	--
State	40	(203)	125
Deferred provision (benefit)	358	(1,408)	840
Total provision	$ 320	$ 2,592	$ 1,280

The following table reconciles the reported income tax expense with the amount computed using the federal statutory income tax rate (in thousands).

	2002	2001	2000
Computed "expected" tax expense	$ 577	$ 2,810	$ 1,504
State and local tax, net of federal benefit	(46)	317	161
Foreign taxes	118	9	-
Excess ESOP amortization	-	-	163
Nondeductible expenses	60	111	26
Nontaxable life insurance cash value increase	(86)	(116)	(50)
Research & development tax credit	(210)	(310)	(330)
Other items, net, none of which individually exceeds 5% of federal taxes at statutory rates	(93)	(229)	(194)
	$ 320	$ 2,592	$ 1,280

The components of deferred taxes are as follows (in thousands):

	2002	2001
Deferred tax assets:		
Employee benefits	$ 3,279	$ 3,312
Inventory	995	1,591
Accounts receivable	50	76
Marketable securities	16	28
Foreign research & development	603	449
Other liabilities	372	210
Foreign net operating loss carryforwards	539	829
Miscellaneous	(117)	32
Total deferred tax asset	5,737	6,527
Deferred tax liabilities:		
Property, plant and equipment	1,812	2,145
Net deferred tax asset	$ 3,925	$ 4,382

At April 30, 2002, the Company has available approximately $2.0 million in net operating loss carryforwards at its European subsidiaries. These loss carryforwards may be utilized for an indefinite period of time.

14. Segment Information

The Company operates under three reportable segments:

(1) Commercial communications - consists principally of time and frequency control products used in two principal markets- commercial communication satellites and terrestrial cellular telephone or other ground-based telecommunication stations.

(2) U.S. Government - consists of time and frequency control products used for national defense or space-related programs.

(3) Gillam-FEI - the Company's Belgian subsidiary primarily sells wireline synchronization and network monitoring systems.

The accounting policies of the three segments are the same as those described in the "Summary of Significant Accounting Policies." The Company evaluates the performance of its segments and allocates resources to them based on operating profit which is defined as income before investment income, interest expense and taxes. The Company's Commercial Communications and U.S. Government segments operate principally out of a U.S.-based manufacturing facility with both segments sharing the same managers, manufacturing personnel, and machinery and equipment. Consequently, data for these two segments includes allocations of depreciation and corporate-wide general and administrative charges. The assets of these two segments consist principally of inventory and accounts receivable. All other U.S.-based assets are assigned to the corporation for the benefit of all three segments.

The Company's European-based director manages the assets of the Gillam-FEI segment. All acquired assets, including intangible assets, are included in the assets of this segment.

The table below presents information about reported segments for each of the years ended April 30 with reconciliation of segment amounts to consolidated amounts as reported in the statement of operations or the balance sheet for each of the years:

	(in thousands) 2002	2001	2000
Net sales:			
Commercial Communications	$ 26,663	$ 36,290	$ 22,554
U.S. Government	4,513	3,727	3,981
Gillam-FEI	11,223	9,276	--

less intercompany sales	(1,220)	(83)	--
Consolidated Sales	$ 41,179	$ 49,210	$ 26,535
Operating profit (loss):			
Commercial Communications	($ 1,394)	$ 4,316	($ 91)
U.S. Government	733	462	1,711
Gillam-FEI	516	(238)	--
Corporate	234	1,401	(612)
Consolidated Operating Profit	$ 89	$ 5,939	$ 1,008
Identifiable assets:			
Commercial Communications	$ 21,101	$ 25,025	$ 18,447
U.S. Government	3,176	1,580	4,450
Gillam-FEI	17,956	19,237	--
less intercompany balances	(1,575)	(234)	--
Corporate	55,353	56,431	57,950
Consolidated Identifiable Assets	$ 96,011	$ 102,039	$ 80,847
Depreciation (allocated):			
Commercial Communications	$ 995	$ 956	$ 971
U.S. Government	166	112	127
Gillam-FEI	280	166	--
Corporate	19	19	19
Consolidated Depreciation Expense	$ 1,460	$ 1,253	$ 1,117

Major Customers

During fiscal year 2002, sales to one customer of the Commercial Communications segment were $15.5 million or 58% of that segment's sales and 38% of consolidated revenue. In the U.S. Government segment, sales to three customers aggregated $3.5 million or 78% of that segment's revenues. Sales to two customers, aggregating $3.3 million, accounted for 30% of the revenues of the Gillam-FEI segment. None of the customers in the U.S. Government segment or the Gillam-FEI segment accounted for more than 10% of consolidated revenues.

In fiscal year 2001, sales to three customers of the Commercial Communications segment aggregated $26.7 million or 73% of that segment's total sales. Two of these customers accounted for 36% and 11%, respectively, of the Company's consolidated sales for the year. In the U.S. Government segment, sales to two customers aggregated $2.5 million or 68% of that segment's revenues in fiscal 2001. In the Gillam-FEI segment, sales to three customers aggregated $4.6 million or 49% of that segment's revenues for the period that the Company owned the segment. None of the customers in the U.S. Government segment or the Gillam-FEI segment accounted for more than 10% of consolidated revenues.

During fiscal year 2000, sales to one customer accounted for approximately $14.0 million of the Commercial Communications segment's total sales. This amount represents 62% of the Commercial Communications' total revenues and 53% of consolidated sales. In the U.S. Government segment, sales to three customers accounted for $2.4 million of sales or 61% of the segment's revenue and 9% of consolidated revenue. No U.S. Government customer accounted for more than 10% of consolidated revenue.

The loss by the Company of any one of these customers would have a material adverse effect on the Company's business. The Company believes its relationship with these companies to be mutually satisfactory.

Foreign Sales

Revenues in the Commercial Communications and Gillam-FEI segments include sales to foreign governments or to companies located in foreign countries. Revenues, based on the location of the procurement entity, were derived from the following countries:

	(in thousands) 2002	2001	2000
France	$ 5,645	$ 2,480	$ 616
Belgium	5,113	2,401	3
Brazil	1,074	2,825	242
United Kingdom	261	1,020	1,068
Morocco	-	2,636	-
Other	5,010	3,000	1,320
	$17,103	$14,362	$3,249

15. Interim Results (Unaudited)

Quarterly results for fiscal years 2002 and 2001 are as follows:

(in thousands, except per share data)
2002 Quarter

	1st	2nd	3rd	4th
Net sales	$11,070	$11,465	$9,565	$9,079
Gross margin	4,070	4,441	3,626	1,952
Net income (loss)	820	812	326	(580)
*Earnings (loss) per share				
Basic	$0.10	$0.10	$0.04	($0.07)
Diluted	$0.10	$0.10	$0.04	($0.07)

During the fourth quarter of fiscal 2002, the Company received $1.5 million for reimbursement of certain expenses under applicable directors' and officers' liability insurance. In addition, the Company wrote off or reserved $1.0 million of certain work-in-progress and excess component inventory.

*Quarterly earnings per share data does not equal the annual amount due to changes in the average common equivalent shares outstanding.

(in thousands, except per share data)
2001 Quarter

	1st	2nd	3rd	4th
Net sales	$8,893	$10,819	$15,193	$14,305
Gross margin	3,912	4,691	5,832	2,595
Net income	807	1,471	1,633	1,734
*Earnings per share				
Basic	$0.10	$0.18	$0.20	$0.21
Diluted	$0.10	$0.17	$0.19	$0.20

During the fourth quarter of fiscal 2001, the Company recorded a receivable for $3.0 million before related legal expenses for reimbursement of certain expenses under applicable directors' and officers' liability insurance. In addition, the Company wrote off or reserved $2.0 million of certain work-in-progress and component inventory related to discontinued product lines and to quantities in excess of near-term requirements.

*Quarterly earnings per share data does not equal the annual amount due to changes in the average common equivalent shares outstanding.

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

(In thousands)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts-describe	Deductions -describe	Balance at end of period
Year ended April 30, 2002					
Allowance for doubtful accounts	$190	$9		$75(a)	$124
Inventory reserves	$2,537	$443	$(1)(c)	$38(b)	$2,941
Year ended April 30, 2001					
Allowance for doubtful accounts $190				$190	
Inventory reserves	$1,188	$2,001	$1(c)	$653(b)	$2,537
Year ended April 30, 2000					
Allowance for doubtful accounts $190	$17	$17(a)		$190	
Inventory reserves	$1,054	$134		-	$1,188

(a) Accounts written off
(b) Inventory disposed or written off
(c) Foreign currency translation adjustments

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

NONE

PART III

Item 10. Directors and Executive Officers of the Company

Item 10(a) Directors of the Company

This item is incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders to be held on or about October 9, 2002.

Item 10(b) Executive Officers of the Company

The executive officers hold office until the annual meeting of the Board of Directors following the annual meeting of stockholders, subject to earlier removal by the Board of Directors.

The names of all executive officers of the Company and all positions and offices with the Company which they presently hold are as follows:

Joseph P. Franklin	-	Chairman of the Board of Directors
Martin B. Bloch	-	President, Chief Executive Officer and Director
Markus Hechler	-	Executive Vice President, President of FEI Government Systems, Inc. and Assistant Secretary
Michel Gillard	-	President, Gillam-FEI
Charles S. Stone	-	Vice President, Low Noise Development
Leonard Martire	-	Vice President, Marketing and Sales
Oleandro Mancini	-	Vice President, Business Development
Thomas McClelland	-	Vice President, Commercial Products
Alan Miller	-	Treasurer and Chief Financial Officer
Harry Newman	-	Secretary and Assistant to the Executive Vice President

None of the officers and directors are related.

Joseph P. Franklin, age 68, has served as a Director of the Company since March 1990. In December 1993 he was elected Chairman of the Board of Directors and Chief Executive Officer. He also served as Chief Financial Officer from September 15, 1996 through October 5, 1998. From August 1987 to November 1993, he was the Chief Executive Officer of Franklin S.A., a Spanish business consulting company located in Madrid, Spain, specializing in joint ventures, and was a director of several prominent Spanish companies. General Franklin was a Major General in the United States Army until he retired in July 1987.

Martin B. Bloch, age 66, has been a Director of the Company and of its predecessor since 1961. Mr. Bloch is the Company's President and Chief Executive Officer. Previously, he served as chief electronics engineer of the Electronics Division of Bulova Watch Company.

Markus Hechler, age 56, joined the Company in 1967. He was elected to the position of Executive Vice President in February 1999, prior to which he served as Vice President, Manufacturing since 1982. In October 2001, he was named President of the recently formed subsidiary, FEI Government Systems, Inc. He has served as Assistant Secretary since 1978.

Michel Gillard, age 61, became an officer and director of the Company when Gillam S.A. was acquired in September 2000. Gillam S.A., a company engaged in the design, manufacture and marketing of wireline and network synchronization systems, was founded by Mr. Gillard in 1974.

Charles S. Stone, age 71, joined the Company in 1984, and has served as its Vice President since that time. Prior to joining the Company, Mr. Stone served as Senior Vice President of Austron Inc., from 1966 to 1979, and Senior Scientist of Tracor Inc., from 1962 to 1966.

Leonard Martire, age 65, joined the Company in August 1987 and served as Executive Vice President of FEI Microwave, Inc., the Company's wholly-owned subsidiary until May 1993 when he was elected Vice President, Marketing and Sales.

Oleandro Mancini, age 53, joined the Company in August 2000 as Vice President, Business Development. Prior to joining the Company, Mr. Mancini served from 1998 as Vice President, Sales and Marketing at Satellite Transmission Systems, Inc. and from 1995 to 1998 as Vice President, Business Development at Cardion, Inc., a Siemens A.G. company. From 1987 to 1995, he held the position of Vice President, Engineering at Cardion, Inc.

Thomas McClelland, age 47, joined the Company as an engineer in 1984 and was elected Vice President, Commercial Products in March 1999.

Alan Miller, age 53, joined the Company in November 1995 as its corporate controller and was elected to the position of Treasurer and Chief Financial Officer in October 1998. Prior to joining the Company, Mr. Miller served as an operations manager and a consultant to small businesses from 1992 through 1995 and as a Senior Audit Manager with Ernst & Young, L.L.P. from 1980 to 1991.

Harry Newman, age 55, Secretary and Assistant to the Executive Vice President, has been employed by the Company since 1979, prior to which he served as Divisional Controller of Jonathan Logan, Inc., apparel manufacturers, from 1976 to 1979, and as supervising Senior Accountant with Clarence Rainess and Co., Certified Public Accountants, from 1971 to 1975.

Item 11. Executive Compensation

This item is incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders to be held on or about October 9, 2002.

Item 12. Security Ownership of Certain Beneficial Owners and Management

This item is incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders to be held on or about October 9, 2002.

Item 13. Certain Relationships and Related Transactions

This item is incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders to be held on or about October 9, 2002.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) Index to Financial Statements, Financial Statement Schedule and Exhibits

The financial statements, financial statement schedule and exhibits are listed below and are filed as part of this report.

(1) FINANCIAL STATEMENTS

Included in Part II of this report:

(2) Financial Statement Schedule

Included in Part II of this report:

Other financial statement schedules are omitted because they are not required, or the information is presented in the consolidated financial statements or notes thereto.

(3) EXHIBITS

The exhibits listed on the accompanying Index to Exhibits beginning on page 48 are filed as part of this annual report.

(b) REPORTS ON FORM 8-K

Registrant's Form 8-K, dated March 6, 2002, containing disclosure under Item 5 thereof (dividend declaration), was filed with the Securities and Exchange Commission during the quarter ended April 30, 2002.

Registrant's Form 8-K, dated April 30, 2002, containing disclosure under Item 5 thereof (arbitration settlement), was filed with the Securities and Exchange Commission on May 6, 2002.

INDEX TO EXHIBITS

ITEM 14(a)(3)

Certain of the following exhibits were filed with the Securities and Exchange Commission as exhibits, numbered as indicated below, to the Registration Statement or report specified below, which exhibits are incorporated herein by reference:

Exhibit No. in this Form 10-K	Identification per Reg. 229.601(b)	Description of Exhibit	Exhibit No. as filed with Registration Statement or report specified below
1	(3)	Copy of Certificate of Incorporation of the Registrant filed with the Secretary of State of Delaware (1)	3.1
2	(3)	Amendment to Certificate of Incorporation of the Registrant filed with the Secretary of State of Delaware on March 27, 1981 (2)	3.2
3	(3)	Copy of By-Laws of the Registrant, as amended to date (3)	3.3
4	(4)	Specimen of Common Stock certificate (1)	4.1
5	(10)	Stock Bonus Plan of Registrant and Trust Agreement thereunder (4)	10.2
6	(10)	Employment agreement between Registrant and Martin B. Bloch (4)	10.3
7	(10)	Employment agreement between Registrant and Abraham Lazar (4)	10.4
8	(10)	Employment agreement between Registrant and John C. Ho (4)	10.5
9	(10)	Employment agreement between Registrant and Marvin Meirs (4)	10.6

10	(10)	Employment agreement between Registrant and Alfred Vulcan (4)	10.7
11	(10)	Employment agreement between Registrant and Harry Newman (4)	10.8
12	(10)	Employment agreement between Registrant and Marcus Hechler (4)	10.9
13	(10)	Form of stock escrow agreement between Vincenti & Schickler as escrow agent and certain officers of Registrant (4)	10.10
14	(10)	Form of Agreement concerning Executive Compensation (2)	10.11
15	(10)	Registrant's 1982 Incentive Stock Option Plan (5)	15
16	(10)	Amendment dated April 19, 1981 to Stock Bonus Plan of Registrant and Trust Agreement (3)	20.1
17	(3)	Amendment to Certificate of Incorporation of the Registrant filed with Secretary of State of Delaware on October 26, 1984 (6)	17
18	(10)	Registrant's 1984 Incentive Stock Option Plan (6)	18
19	(10)	Registrant's Cash or Deferral Profit Sharing Plan and Trust under Internal Revenue Code Section 401, dated April 1, 1985 (7)	19
20	(10)	Computation of Earnings per Share of Common Stock	Included in the Financial Statements
21	(10)	Amendment Restated Effective as of May 1, 1984 of the Stock Bonus Plan and Trust Agreement of Registrant (7)	21
22	(3)	Amendment to Certificate of Incorporation of the Registrant filed with the Secretary of State of Delaware on October 22, 1986 (8)	22
23	(10)	Amendment Restated Effective as of May 1, 1984 of the Stock Bonus Plan and Trust Agreement of Registrant (8)	23
24	(3)	Amended and Restated Certificate of Incorporation of the Registrant filed with the Secretary of State of Delaware on October 26, 1987 (10)	24
25	(22)	List of Subsidiaries of Registrant (10)	25
26	(10)	Employment agreement between Registrant and Charles Stone (9)	26
27	(10)	Employment agreement between Registrant and Jerry Bloch (9)	27
28	(10)	Registrant's 1987 Incentive Stock Option Plan (9)	28
29	(10)	Registrant's Senior Executive Stock Option Plan (9)	29
30	(10)	Amendment dated Jan. 1, 1988	

		to Registrant's Cash or Deferred Profit Sharing Plan and Trust under Section 401 of Internal Revenue Code (9)	30
31	(10)	Executive Incentive Compensation Plan between Registrant and various employees (9)	31
32	(10)	Amended Certificate of In-corporation of the Company filed with the Secretary of State of Delaware on November 2, 1989 (10)	32
33	(10)	Registrant's Employee Stock Option Plan (10)	33
34	(10)	Loan agreement between Registrant and Nat West Dated May 22, 1990 (10)	34
35	(10)	Loan Agreement between Registrant's Employee Stock Ownership Plan and Registrant dated May 22, 1990 (10)	35
36	(23)	Consent of Independent Accountants to incorporation by reference of 2002 audit report in Registrant's Form S-8 Registration Statement.	23.1
37	(10)	Registrant's 1997 Independent Contractor Stock Option Plan (11)	4.14
38	(10)	Contribution Agreement between Registrant and Reckson Operating Partnership L.P. dated January 6, 1998 (12)	10.12
39	(10)	Lease agreement between Registrant and Reckson Operating Partnership, L.P. dated January 6, 1998 (12)	10.13
40	(10)	Plea Agreement, Civil Settlement and Related Documents dated June 19, 1998 (12)	10.14

NOTES:

(1) Filed with the SEC as an exhibit, numbered as indicated above, to the registration statement of Registrant on Form S-1, File No. 2-29609, which exhibit is incorporated herein by reference.

(2) Filed with the SEC as an exhibit, numbered as indicated above, to the registration statement of Registrant on Form S-1, File No. 2-71727, which exhibit is incorporated herein by reference.

(3) Filed with the SEC as an exhibit, numbered as indicated above, to the annual report of Registrant on Form 10-K, File No. 1-8061 for the year ended April 30, 1981, which exhibit is incorporated herein by reference.

(4) Filed with the SEC as an exhibit, numbered as indicated above, to the registration statement of Registrant on Form S-1, File No. 2-69527, which exhibit is incorporated herein by reference.

(5) Filed with the SEC as an exhibit, numbered as indicated above, to the annual report of Registrant on Form 10-K, File No. 1-8061, for the year ended April 30, 1982, which exhibit is incorporated herein by reference.

(6) Filed with the SEC as an exhibit, numbered as indicated above, to the annual report of Registrant on Form 10-K, File No. 1-8061, for the year ended April 30, 1985, which exhibit is incorporated herein by reference.

(7) Filed with the SEC as exhibit, numbered as indicated above, to the annual report of Registrant on Form 10-K, File No. 1-8061, for the year ended April 30, 1986, which exhibit is incorporated herein by reference.

(8) Filed with the SEC as an exhibit, numbered as indicated above, to the annual report of Registrant on Form 10-K, File No. 1-8061, for the year ended April 30, 1987, which exhibit is incorporated herein by reference.

(9) Filed with the SEC as an exhibit, numbered as indicated above, to the annual report of Registrant on Form 10-K, File No. 1-8061, for the year

ended April 30, 1989, which exhibit is incorporated herein by reference.

(10) Filed with the SEC as an exhibit, numbered as indicated above, to the annual report of Registrant on Form 10-K, File No. 1-8061, for the year ended April 30, 1990, which exhibit is incorporated herein by reference.

(11) Filed with the SEC as an exhibit, numbered as indicated above, to the registration statement of Registrant on Form S-8, File No. 333-42233, which exhibit is incorporated herein by reference.

(12) Filed with the SEC as an exhibit, numbered as indicated above, to the annual report of Registrant on Form 10-K, File No. 1-8061, for the year ended April 30, 1998, which exhibit is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) 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

By: /s/ Joseph P. Franklin

Joseph P. Franklin
Chairman of the Board

By: /s/ Alan L. Miller

Alan L. Miller
Chief Financial Officer
and Controller

Dated: July 29, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Martin B. Bloch Martin B. Bloch	President & Director	7/29/02
/s/ Joel Girsky Joel Girsky	Director	7/29/02
/s/ John Ho John Ho	Director	7/29/02
/s/ Marvin Meirs Marvin Meirs	Director	7/29/02

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-42233) of Frequency Electronics, Inc. of our report dated June 26, 2002 relating to the consolidated financial statements and financial statement schedule, which appears in this Form 10-K.

PRICEWATERHOUSECOOPERS LLP

Melville, New York
July 29, 2002