



Frequency Electronics, Inc. Announces First Quarter Fiscal Year 2002 Results

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MITCHEL FIELD, N.Y., Sep 6, 2001 (BUSINESS WIRE) -- Frequency Electronics, Inc. (AMEX - FEI) today announced that revenues for the First Quarter of Fiscal Year 2002, which ended July 31, 2001, increased 24% and operating profits increased 28% over the First Quarter of Fiscal Year 2001.

Diluted earnings per share for the quarter were \$0.10, equal to the earnings for the corresponding period in the previous fiscal year. General Joseph Franklin, Chairman of the Board, stated: "Considering the current environment, we are satisfied with the results of the past quarter."

Revenues for the first quarter increased to \$11.1 million from \$8.9 million in the same quarter of Fiscal 2001. Excluding Gillam-FEI, first quarter revenues were \$9.2 million, and diluted earnings per share were \$0.13. Operating profits for this quarter were \$742 thousand compared to \$579 thousand in Fiscal 2001, and net earnings were \$820 thousand compared to \$807 thousand in Fiscal 2001. The first quarter of Fiscal 2002 figures reflect a reduction in revenues and earnings resulting from the termination of the fiber optic R/T module contract reported on August 30, 2001.

The results for Gillam-FEI were impacted by substantial R&D efforts. We are investing significant resources to integrate FEI's leading edge technology into a new family of Gillam-FEI's synchronization equipment that will offer better performance at lower cost. These products will enable Gillam-FEI to enter the US market by mid-2002, and to capture a larger share of the world market for wireline synchronization systems. Although Gillam-FEI's operations may produce uneven revenues during the short term, we expect overall results to be accretive for the full fiscal year.

The telecommunications industry has recently been experiencing great difficulties. Nonetheless, we have seen some upturn in certain areas of business in the last few months, including satellite and military programs. Multi-year agreements with two major cellular manufacturers have been negotiated. We expect the demand for voice and data wireless service will continue to grow and the major service providers will continue to expand existing systems. New generations of wireless, wireline, fiber optic, and satellite systems will replace existing networks, and our products are being designed into these new systems.

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

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: The Statements in this press release regarding the future constitute "forward-looking" statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, inability to integrate operations and personnel, actions by significant customers or competitors, general domestic and international economic conditions, consumer spending trends, reliance on key customers, continued acceptance of the Company's products in the marketplace, competitive factors, new products and technological changes, product prices and raw material costs, dependence upon third-party vendors, competitive developments, changes in manufacturing and transportation costs, the availability of capital, and other risks detailed in the Company's periodic report filings with the Securities and Exchange Commission. By making these forward-looking statements, the Company undertakes no obligation to update these statements for revisions or changes after the date of this release.

Frequency Electronics, Inc. and Subsidiaries
Condensed Consolidated Statement of Operations
Quarter Ended
July 31,

2001	2000
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(unaudited)	
(in thousands except per share data)	

Net Sales	\$11,070	\$ 8,893
Cost of Sales	7,000	4,981
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Gross Margin	4,070	3,912
Selling and Administrative	2,215	2,129
Research and Development	1,113	1,204
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Operating Profit	742	579
Interest and Other, net	440	618
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Income before Taxes & Minority Interest	1,182	1,197
Minority Interest	8	-
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Income before Income Taxes	1,190	1,197
Income Tax Provision	370	390
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Net Income	\$ 820	\$ 807
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Net Income per Common Share:		
Basic	\$ 0.10	\$ 0.10
	=====	=====
Diluted	\$ 0.10	\$ 0.10
	=====	=====
Average Common Shares Outstanding:		
Basic	8,332,557	8,031,530
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Diluted	8,551,214	8,488,530
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Frequency Electronics, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

July 31, April 30,
2001 2001

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(in thousands)

ASSETS

Cash & Marketable Securities	\$ 34,331	\$ 35,528
Other Current Assets	39,761	44,606
Property, Plant & Equipment	12,132	11,997
Other Assets	9,915	9,908
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	\$ 96,139	\$102,039
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	\$ 7,667	\$ 13,534
Long-term Obligations and Other	18,143	18,300
Stockholders' Equity	70,329	70,205
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	\$ 96,139	\$102,039
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CONTACT:

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