



## FEI Issues Letter to Shareholders

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MITCHEL FIELD, N.Y.--(BUSINESS WIRE)--April 25, 2001--Frequency Electronics, Inc. (AMEX: FEI) General Joseph P. Franklin  
55 Charles Lindbergh Blvd. Mitchel Field, NY 11553 Telephone: (516) 794-4500 April 25, 2001

Frequency Electronics, Inc. (AMEX: FEI), today announced that it is sending the following letter to its shareholders. The institutional research report mentioned in the letter can be obtained from TM Capital's website at [www.tmcapital.com](http://www.tmcapital.com). Click on the Research button to access the report on FEI.

### TO OUR SHAREHOLDERS

I am enclosing for your information and review an institutional research report prepared by TM Capital Corp. The report, with an update attached, contains an excellent, concise description of the telecommunications industry and the markets it offers for FEI's diverse proprietary technology. I believe this report on our industry and markets will be of interest to all of our shareholders, but it should not otherwise be construed in any way as being endorsed or validated by FEI.

The commercial telecommunications industry is experiencing a dynamic and exciting time. Timing and synchronization --- essential for telecommunications --- is our core business. The largest product volume and most important revenue growth for FEI have been in wireless communications systems. We believe these systems will experience huge expansion in the future as the world's economy continues to grow.

To date, substantially all of our wireless business has come from the sale of products that are installed on existing wireless networks. In the near term, service providers have strong economic incentives to upgrade existing systems to improve profitability. In the future, we believe network builders will increasingly shift to the use of new technologies that offer greater capacity and enhanced quality for voice, video, and data transmissions. The introduction of new wireless technologies (also called 2.5G and 3G technologies) will add more features and attract more users. Both elements of expansion --- existing system buildout and implementation of new technologies --- should contribute to the growth of FEI's business in the next several years.

The widely reported slowdown in the wireless sector during the past months has so far had a moderate impact on FEI. Current guidance from our key customers indicates reduced requirements will continue for a period of time. Focusing on the longer term, we are proceeding apace with our plans to expand our capacity in order to meet the higher levels of demand which we anticipate in the future. We firmly believe the prospects for growth in the telecommunications industry, and for FEI's technology specifically, are immense.

The enclosed report states that FEI's products have critical applications in many areas of telecommunications: wireline networks, optical networks, and satellites as well as terrestrial wireless. The report also indicates that FEI has the financial capabilities to support growth in all these markets, and the acquisition of the complementary technology of our European subsidiary --- Gillam-FEI --- should strengthen our ability to penetrate these markets even further.

We are very pleased with our progress to date. We believe the diversity of our technology will help us to continue our growth despite short-term fluctuations in some segments of the telecommunications market. We look forward to the Company's continued growth through the expansion of internal resources and the addition of potential partners, domestic and foreign.  
JOSEPH P. FRANKLIN Chairman of the Board

### ATTENTION

Please see the following paragraphs for important information regarding the enclosed reports. (This information was also included in the letter to shareholders.)

The Enclosed Reports Were Not Prepared by Frequency Electronics, Inc. (the "Company").

The enclosed reports were prepared by TM Capital Corp. and reflect the views, opinions, analysis, research, estimates and projections of TM Capital Corp. The reports and the information contained therein should not be construed in any way as being

endorsed or otherwise validated by the Company. The reports do not contain a complete analysis of every material fact relating to the Company, its securities or the telecommunications industry. Industry experts may disagree with the analysis and information contained in the reports and the prospects for the Company. Neither TM Capital Corp. nor the Company is under any obligation to update the enclosed reports under any circumstances. TM Capital Corp. acts as a financial advisor to the Company. TM Capital, its officers, affiliates, and/or its employees may have an interest in the securities of the Company.

The Company Makes No Representation or Warranty Regarding the Enclosed Reports.

No representation or warranty, express or implied, is made by the Company or any of its affiliates, directors, officers, employees or agents (collectively, "affiliates") as to the accuracy or completeness of the information contained in the reports. Certain financial estimates and projections are included in the enclosed reports and neither the Company nor its affiliates makes any representation or warranty as to the reasonableness of such estimates and projections. Neither the Company nor its affiliates assumes any responsibility for the accuracy or validity of any information contained in the enclosed reports. Neither the Company nor any of its affiliates has independently verified the facts, assumptions and estimates contained in the reports.

The Company Is Not Responsible for Losses Incurred on the Sales of the Company's Securities.

This letter and the enclosed reports are provided for your information only and do not constitute a solicitation, or an offer, to buy or sell securities. Neither the Company nor any of its affiliates accepts any liability or responsibility whatsoever for any loss or damage of any kind (whether foreseeable or not) which may arise from any person acting on any statements contained in this letter or the enclosed reports. The securities of the Company are subject to investment risk, including possible loss of any principal amount invested. In all cases recipients of this letter should conduct their own investigation and analysis of the information contained in this letter and the enclosed reports.

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

The statements in this letter and the enclosed reports 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, ability 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.

About Frequency Electronics

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](http://www.frequencyelectronics.com).

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