



Frequency Electronics Announces Results for 2nd Quarter FY 2003

>

MITCHEL FIELD, N.Y.--(BUSINESS WIRE)--Dec. 9, 2002--Frequency Electronics, Inc. (AMEX-FEI) today announced that revenues for the second quarter of fiscal 2003 which ended October 31, 2002, were \$8.3 million compared to \$11.5 million during the same period last year.

Compared to the previous quarter, revenues increased by \$1.5 million, or 23%. Net income for the second quarter was \$251,000 or \$0.03 per diluted share, compared to \$812,000 and \$0.10 per share during the same period last year. This net income of \$0.03 per share compares to a loss of \$0.06 in the previous quarter.

For the first six months of fiscal 2003, revenues were \$15.1 million and the Company recorded a net loss of \$238,000 (\$0.03 per diluted share) compared to revenues of \$22.5 million and net income of \$1.6 million (\$0.19 per diluted share) for the first six months of the prior year.

Compared to the first quarter of fiscal 2003, revenues for the second quarter for the US Government segment rose from \$1.9 million to \$2.4 million, the commercial communications segment revenues increased from \$3.1 million to \$4.0 million and revenues for the Gillam-FEI segment improved from \$1.9 million to \$2.0 million.

Commenting on these results, Chairman Joseph Franklin said "We have noted previously that our results are driven by the rates of investment in commercial communications infrastructure, replacement of commercial satellites, and defense spending. We are encouraged by positive trends which have emerged during the first six months of this fiscal year. During this period, shipments of products for commercial communications infrastructure have increased, reversing the downtrend which we have experienced since early 2001. In our commercial satellite business, proposal activity is high. Bookings and revenues for defense projects are rising sharply and we expect the pace to increase because of the critical need for precision timing in advanced defense systems."

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 voice, video and data telecommunications delivered by satellite or terrestrial means for both commercial and DOD customers. The Company's technologies provide unique solutions that are essential building blocks for the next generation of broadband wireless and fiber optic communications systems, for critical defense applications and for the ongoing expansion of existing wireless and wireline networks. Additional information is available on FEI's website: www.frequencyelectronics.com.

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

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

Quarter Ended	Six Months Ended
October 31,	October 31,

	2002	2001	2002	2001
	(unaudited)		(unaudited)	
	(in thousands except per share data)			
Net Sales	\$ 8,300	\$ 11,465	\$ 15,128	\$ 22,535
Cost of Sales	5,679	7,024	10,452	14,024
Gross Margin	2,621	4,441	4,676	8,511
Selling and Administrative	1,889	2,026	3,942	4,241
Research and Development	689	1,757	1,672	2,870
Operating Profit (Loss)	43	658	(938)	1,400
Interest and Other, Net	291	554	581	994
Income (Loss) before Taxes & Minority Interest	334	1,212	(357)	2,394
Minority Interest	(12)	-	(22)	(8)
Income (Loss) before Income Taxes	346	1,212	(335)	2,402
Income Tax Provision (Benefit)	95	400	(97)	770
Net Income (Loss)	\$ 251	\$ 812	\$ (238)	\$ 1,632
Net Income (Loss) per Share:				
Basic	\$ 0.03	\$ 0.10	\$ (0.03)	\$ 0.20
Diluted	\$ 0.03	\$ 0.10	\$ (0.03)	\$ 0.19
Average Shares Outstanding				
Basic	8,334,053	8,346,359	8,336,310	8,339,458
Diluted	8,364,409	8,470,162	8,336,310	8,512,718

Frequency Electronics, Inc. and Subsidiaries
Consolidated Condensed Balance Sheets

October 31, 2002 April 30, 2002

	(in thousands)	
ASSETS		
Cash & Marketable Securities	\$ 31,423	\$ 36,231
Accounts Receivable	11,430	11,725
Inventories	21,293	19,601
Other Current Assets	6,452	6,323
Property, Plant & Equipment	11,582	11,361
Other Assets	12,390	10,770
	\$ 94,570	\$ 96,011
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities	\$ 5,396	\$ 7,649
Long-term Obligations and Other	18,565	18,020
Stockholders' Equity	70,609	70,342
	\$ 94,570	\$ 96,011

CONTACT:

Frequency Electronics, Inc.

General Joseph P. Franklin, 516/794-4500

www.frequencyelectronics.com