



Frequency Electronics Announces Results for 3rd Quarter FY 2002

>MITCHEL FIELD, N.Y., Mar 5, 2002 (BUSINESS WIRE) -- Frequency Electronics, Inc. (AMEX-FEI) today announced that its fiscal year 2002 third quarter revenues were \$9.56 million and net income was \$326,000 or \$0.04 per diluted share.

These results reflect the continuing effects of the general slowdown in the telecommunications infrastructure market as sales and profits in the same quarter of fiscal 2001 were \$15.19 million and \$1.63 million (\$0.19 per share), respectively. For the nine months ended January 31, 2002, revenues were \$32.1 million compared to \$34.9 million in the fiscal 2001 nine-month period. Net income for the nine months of fiscal 2002 was \$1.96 million or \$0.23 per diluted share compared to net income of \$3.91 million and \$0.46 per share in fiscal 2001. General Joseph Franklin, Chairman of the Board, noted: "The significant upturn in telecommunications and government business, which we anticipated early in fiscal 2002, has not yet occurred. However, we are very pleased that the Company is able to generate profits and positive cash flow from operations while making significant investment both in new products and in new markets during a difficult period for the industry. Major new products are scheduled to be introduced in calendar 2002."

Operating profit was \$98,000 and \$1.50 million for the three- and nine-month periods of fiscal 2002, respectively. This is compared to operating profit of \$1.73 million and \$3.79 million in the same periods of fiscal 2001. In addition to lower revenues, operating profits were affected by 20% higher R&D spending and by Gillam-FEI margins, which have improved but trail the other operating segments. The Company continues to expect Gillam-FEI to make a positive contribution to overall profits for the full fiscal year.

Revenues for Gillam-FEI were \$2.45 million for the third quarter and \$7.08 million for the nine months ended January 31, 2002. Fiscal 2002 revenues for the other segments of the Company aggregated \$7.12 million for the quarter and \$25.02 million for the nine months. Gross margins for the non-Gillam-FEI segments were approximately 40% for the third quarter and 41% for the nine months of fiscal 2002. According to Alan Miller, Chief Financial Officer, "Achieving this level of performance is significant. Being able to generate healthy margins in a weak environment provides a springboard for superior results as revenues increase."

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.

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		Nine Months Ended	
January 31,		January 31,	
2002	2001	2002	2001
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	(unaudited)		(unaudited)
(in thousands except per share data)			

Net Sales	\$9,565	\$15,193	\$32,100	\$34,905
Cost of Sales	5,939	9,361	19,963	20,470
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Gross Margin	3,626	5,832	12,137	14,435
Selling and Administrative	2,163	2,967	6,404	7,145
Research and Development	1,365	1,134	4,235	3,500
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Operating Profit	98	1,731	1,498	3,790
Interest and Other, Net	388	828	1,382	2,142
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Income before Taxes & Minority Interest	486	2,559	2,880	5,932
Minority Interest	10	3	2	4
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Income before Income Taxes	476	2,556	2,878	5,928
Income Tax Provision	150	923	920	2,018
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Net Income	\$ 326	\$ 1,633	\$ 1,958	\$ 3,910
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Net Income per Share:				
Basic	\$ 0.04	\$ 0.20	\$ 0.23	\$ 0.48
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Diluted	\$ 0.04	\$ 0.19	\$ 0.23	\$ 0.46
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Average Shares Outstanding:				
Basic	8,357,402	8,285,506	8,345,439	8,167,970
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Diluted	8,539,114	8,554,436	8,531,732	8,464,346
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Frequency Electronics, Inc. and Subsidiaries
Consolidated Condensed Balance Sheets

January 31, April 30,
2002 2001

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(in thousands)

ASSETS

Cash & Marketable Securities	\$34,198	\$ 35,528
Accounts Receivable	12,408	15,160
Inventories	21,278	20,471
Other Current Assets	6,146	8,975
Property, Plant & Equipment	12,167	11,997
Other Assets	10,321	9,908
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	\$ 96,518	\$102,039
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	\$ 7,004	\$ 13,534
Long-term Obligations and Other	18,056	18,300
Stockholders' Equity	71,458	70,205
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	\$ 96,518	\$102,039

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CONTACT:

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