



FEI Expects Increased Engineering Costs to Impact Profit for Current Quarter

MITCHEL FIELD, N.Y.--(BUSINESS WIRE)--Oct. 31, 2006--Frequency Electronics, Inc. (NASDAQ:FEIM) will record larger than anticipated engineering costs for its second fiscal quarter ending October 31, 2006 resulting in lower than anticipated operating profit. The results for the second quarter of fiscal year 2007 will be reported in mid-December 2006.

These increased engineering costs consist for the most part of internally funded development work related to satellite payload projects requiring state-of-the-art RF microwave functionality. This development work is expected to be of considerable value to FEI on present contracts and in acquiring and performing on future project awards. Based on current proposal activity, FEI believes it may receive such awards in the very near future.

According to Alan Miller, CFO of Frequency Electronics, "FEI continues to look forward to healthy year over year increases in revenue and profitability for full fiscal year 2007 and we are optimistic of achieving gains in all three of our major business areas: Satellite payloads, Telecom infrastructure and Government/DOD programs."

About Frequency Electronics

Frequency Electronics, Inc. is a world leader in the design, development and manufacture of high precision timing, frequency control and synchronization products for space and terrestrial applications. The Company's products are used in commercial, government and military systems, including satellite payloads, missiles, UAVs, piloted aircraft, GPS, secure radios, SCADA, energy exploration and wireline and wireless communication networks. The Company has received over 60 awards of excellence for achievements in providing high performance electronic assemblies for over 120 space programs. The Company invests significant resources in research and development and strategic acquisitions world-wide to expand its capabilities and markets. The Company's Belgium-based Gillam-FEI subsidiary provides the Company with expertise in wireline network synchronization, management and SCADA. FEI-Zyfer in Anaheim, CA, provides GPS and secure timing ("SAASM") capabilities for critical military and commercial applications. The Company has an affiliate in St. Petersburg, Russia which supplies high-quality, cost effective quartz oscillators and components. Additionally, the Company operates a new, modern manufacturing facility in Tianjin, China through its wholly-owned subsidiary, FEI-Asia. 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.

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