SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10Q

(Mark one)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period ended July 31, 1999

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________

Commission File No. 1-8061

FREQUENCY ELECTRONICS, INC.
(Exact name of Registrant as specified in its charter)

Delaware	11-1986657
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

55 CHARLES LINDBERGH BLVD., MITCHEL FIELD, N.Y.	11553
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 516-794-4500

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of Registrant's Common Stock, par value $1.00 as of September 9, 1999 - 7,680,569

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

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FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

Condensed Consolidated Balance Sheets

	July 31, 1999 (UNAUDITED)	April 30, 1999 (NOTE A)
	(In thousands)	
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 2,384	$ 567
Marketable securities	38,153	38,720
Accounts receivable, net	10,152	12,190
Inventories	10,284	9,696
Deferred income taxes	2,231	2,336
Prepaid and other	554	1,182
Total current assets	63,758	64,691
Property, plant and equipment, net	9,481	9,489
Deferred income taxes	545	500
Other assets	3,718	3,675
Total assets	$77,502	$78,355

See accompanying notes to condensed consolidated financial statements.

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

Condensed Consolidated Balance Sheets (Continued)

	July 31, 1999 (UNAUDITED)	April 30, 1999 (NOTE A)
	(In thousands)	
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Current maturities of long-term debt	$ 363	$ 489
Accounts payable - trade	693	837
Accrued liabilities and other	2,581	3,563
Total current liabilities	3,637	4,889
Deferred compensation	5,078	5,165
Deposit liability and other	11,740	11,794
Total liabilities	20,455	21,848
Stockholders' equity:		
Preferred stock - $1.00 par value	-0-	-0-
Common stock - $1.00 par value	9,009	9,009
Additional paid - in capital	37,072	36,940
Retained earnings	16,097	15,653
	62,178	61,602
Common stock reacquired and held in treasury - at cost, 1,344,975 shares at July 31, 1999 and 1,346,850 shares at April 30, 1999	(4,052)	(4,058)
Unamortized ESOP debt	(375)	(500)
Notes receivable - common stock	(287)	(287)
Unearned compensation	(37)	(47)
Accumulated other comprehensive loss	(380)	(203)
Total stockholders' equity	57,047	56,507
Total liabilities and stockholders' equity	$77,502	$78,355

See accompanying notes to condensed consolidated financial statements.

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

Condensed Consolidated Statements of Operations

Three Months Ended July 31,
(Unaudited)

	1999	1998
	(In thousands except per share data)	
Net Sales	$ 5,464	$ 7,015
Cost of sales	3,072	4,626
Selling and administrative expenses	1,212	1,194
Research and development expense	1,250	795
Total operating expenses	5,534	6,615
Operating (loss) profit	(70)	400
Other income (expense):		
Investment income	740	649
Interest expense	(83)	(89)
Other income (expense), net	87	(42)
Earnings before provision for income taxes	674	918
Income tax provision		
Current	50	50
Deferred	180	350
	230	400
Net earnings	$ 444	$ 518
Net earnings per common share		
Basic	$ 0.06	$ 0.07
Diluted	$ 0.06	$ 0.07
Average shares outstanding		
Basic	7,556,129	7,514,841
Diluted	7,887,877	7,917,734

See accompanying notes to condensed consolidated financial statements.

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

Three Months Ended July 31,
(Unaudited)

	1999	1998
	(In thousands)	
Cash flows from operating activities:		
Net earnings	$ 444	$ 518
Non-cash charges to earnings	666	1,196
Litigation settlement	-	(8,000)
Net changes in assets and liabilities	1,442	(2,012)
Net cash provided by (used in) operating activities	2,552	(8,298)
Cash flows from investing activities:		
Sale of marketable securities -net	463	2,866
Other - net	(260)	(221)
Net cash provided by investing activities	203	2,645
Cash flows from financing activities:		
Dividends paid	(766)	(771)
Other - net	(172)	(108)
Net cash used in financing activities	(938)	(879)
Net increase (decrease) in cash	1,817	(6,532)
Cash at beginning of period	567	8,725
Cash at end of period	$ 2,384	$ 2,193

See accompanying notes to condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE A - CONSOLIDATED FINANCIAL STATEMENTS

In the opinion of management of the Company, the accompanying unaudited condensed consolidated interim financial statements reflect all adjustments (which include only normal recurring adjustments) necessary to present fairly, in all material respects, the consolidated financial position of the Company as of July 31, 1999 and the results of its operations and cash flows for the three months ended July 31, 1999 and 1998. The April 30, 1999 condensed consolidated balance sheet was derived from audited financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's April 30, 1999 Annual Report to Stockholders. The results of operations for such interim periods are not necessarily indicative of the operating results for the full year.

NOTE B - EARNINGS PER SHARE

Reconciliation of the weighted average shares outstanding for basic and diluted Earnings Per Share are as follows:

	Three months ended July 31, 1999	1998
Basic EPS Shares outstanding (weighted average)	7,556,129	7,514,841
Effect of Dilutive Securities	331,748	402,893
Diluted EPS Shares outstanding	7,887,877	7,917,734

Options to purchase 258,375 and 118,500 shares of common stock were outstanding during the three months ended July 31, 1999 and 1998, respectively, but were not included in the computation of diluted earnings per share because the exercise price of the options was greater than the average market price of the Company's common shares during the periods and, therefore, the inclusion of such options would have been antidilutive.

NOTE C - DEFERRED INCOME TAXES

The Company records deferred income taxes based upon the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The principal components of deferred taxes relate to the timing of deductibility of certain employee benefits, inventory reserves, depreciation of property, plant and equipment, the deferred gain on the building sale, research and development tax credit carryforwards and the net operating loss carryforward. As a result of continued profitability and a deferred gain from the 1998 real estate transactions, the Company expects to fully utilize its tax net operating loss carryforward.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable at July 31, 1999 and April 30, 1999 include costs and estimated earnings in excess of billings on uncompleted contracts accounted for on the percentage of completion basis of approximately $6,262,000 and $6,657,000, respectively. Such amounts represent revenue recognized on long-term contracts that had not been billed at the balance sheet dates. Such amounts are billed pursuant to contract terms.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE E - INVENTORIES

Inventories, which are reported net of reserves of $1,054,000 at July 31, 1999 and April 30, 1999, consist of the following:

	July 31, 1999	April 30, 1999
	(In thousands)	
Raw materials and Component parts	$ 2,963	$ 3,028
Work in progress	7,321	6,668
	$10,284	$ 9,696

NOTE F -COMPREHENSIVE INCOME

For the three months ended July 31, 1999 and 1998, total comprehensive income was $267,000 and $385,000, respectively.

NOTE G - SEGMENT INFORMATION

The Company operates under two reportable segments:

1. Commercial wireless communications - consists principally of time and frequency control products used in two principal markets- commercial communication satellites and terrestrial cellular telephone or other ground-based telecommunication stations.
2. U.S. Government - consists of time and frequency control products used for national defense or space-related programs.

The table below presents information about reported segments with reconciliation of segment amounts to consolidated amounts as reported in the statement of operations or the balance sheet for each of the periods (in thousands):

	Three months ended July 31, 1999	1998
Net sales:		
Wireless Communications	$ 4,615	$ 5,785
U.S. Government	849	1,230
Consolidated Sales	$ 5,464	$ 7,015
Operating (loss) profit:		
Wireless Communications	$ 9	$ 407
U.S. Government	20	4
Corporate	(99)	(11)
Consolidated Operating (Loss) Profit	($ 70)	$ 400
	July 31, 1999	April 30, 1999
Identifiable assets:		
Wireless Communications	$15,477	$16,968
U.S. Government	4,959	4,918
Corporate	57,066	56,469
Consolidated Identifiable Assets	$77,502	$78,355

NOTE H - CONTINGENCIES

Reference is made to Note 9 of the Company's Annual Report on Form 10K for the year ended April 30, 1999 for information regarding the litigation settlement and other legal proceedings. See also Part II, Item 1 of this Form 10Q.

Item 2

Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

The table below sets forth for the respective first quarters of fiscal years 2000 and 1999 the percentage of consolidated net sales represented by certain items in the Company's consolidated statements of operations:

	Three months ended July 31, 1999	1998
Net Sales		
Wireless Communications	84.5%	82.5%
U.S. Government	15.5	17.5
	100.0	100.0
Cost of Sales	56.2	65.9
Selling and administrative expenses	22.2	17.0
Research and development expenses	22.9	11.3
Operating (loss) profit	(1.3)	5.7
Other income (expense)- net	13.6	7.4
Pretax Income	12.3	13.1
Provision for income taxes	4.2	5.7
Net earnings	8.1%	7.4%

For the three months ended July 31, 1999, operating profit decreased by $470,000 (118%) over the comparable period of fiscal year 1999 and net earnings decreased by $74,000 (14%). These outcomes were the result of a 22% decrease in sales for the first quarter of fiscal 2000 coupled with a significant increase in research and development spending offset by an increase in other income compared to the comparable period of fiscal 1999. The lower sales and higher research and development spending are a continuation of the trends established in the latter portion of fiscal 1999. The Company continues to devote significant resources to the development of the next generation of existing products as well as to the development of new products for the wireless communications market, both terrestrial and space-based. The rate of research and development spending during the fiscal 2000 quarter was substantially higher than the rate anticipated for the remainder of the current fiscal year.

Gross margins for the three months ended July 31, 1999 improved significantly over the fiscal 1999 quarter, increasing to 44% from 34%. Margins on wireless communications revenues were 46% as compared to 31% for U.S. Government programs. During the quarter ended July 31, 1998, gross margins on wireless communications sales were 37% while margins on U.S. Government programs were 20%. The increase in wireless communications margins is due to significant improvements in the manufacturing processes for these products. The improvement in U.S. Government margins in the fiscal 2000 period is attributable to the near conclusion of certain unprofitable contracts for which loss reserves were recorded in prior years. With the present mix of wireless communications versus U.S. Government projects and recent contract bookings, the Company expects to realize improved profit margins for the remainder of fiscal 2000.

Selling and administrative costs for the quarter ended July 31, 1999, were approximately the same as for the three months ended July 31, 1998. The Company anticipates that selling and administrative expenses will be comparable to that incurred in fiscal 1999, although, as a percentage of sales, the ratio should decrease.

Research and development costs in the fiscal 2000 period increased by $455,000 (57%) over the comparable three month period ended July 31, 1998. As indicated previously, the Company continued to devote significant resources to develop a line of generic products to be used as the building blocks for the commercial satellite transponder market as well developing new products and enhancing existing products for the terrestrial wireless communications market. The Company anticipates that although research and development spending will continue at a high level for the remainder of fiscal 2000, the rate will be less than that incurred in fiscal 1999. Total research and development spending in fiscal 2000 is expected to be between $3 million and $4 million. Internally generated cash and cash reserves will be adequate to fund this development effort.

Net nonoperating income and expense increased by $226,000 (44%) in the three months ended July 31, 1999 from the comparable fiscal 1999 quarter. Investment income increased by $91,000 (14%) in the 1999 quarter over the comparable 1998 quarter. This is the result of realized gains on the sale of certain marketable securities during the fiscal 2000 quarter offset by reduced interest income on lower levels of invested assets. Interest expense decreased by $6,000 (7%) during the fiscal 2000 quarter compared to the period ended July 31, 1998 as a result of less long-term debt. Other income (expense), net, increased by $129,000 (307%). This category consists principally of certain non-recurring transactions. In fiscal 1999, this included the costs of relocating the Company's operations to new office and production space. In fiscal 2000, this category included a benefit from the recovery of certain non-operating debts.

LIQUIDITY AND CAPITAL RESOURCES

The Company's balance sheet continues to reflect a strong working capital position of $60 million at both July 31, 1999 and April 30, 1999. Included in working capital at July 31, 1999 is $40.5 million of cash, cash equivalents and marketable securities, including $12 million of REIT units which are convertible to Reckson Associates Realty Corp. common stock.

Net cash provided by operating activities for the three months ended July 31, 1999, was $2.6 million compared to a net cash outflow of $8.3 million in the comparable fiscal 1999 quarter. The fiscal 2000 result was achieved principally through collections on accounts receivable plus operating profits during the quarter. The fiscal 1999 net outflow is the result of the $8 million litigation settlement coupled with larger research and development spending. Without those two items, cash flows from operating activities in fiscal 1999 would have been posititve. As indicated previously, the Company intends to continue to invest in its future growth and profitability through its development efforts. Despite this high level of investment, the Company anticipates that it will generate positive cash flow from operating activities this fiscal year.

Net cash provided by investing activities for the three months ended July 31, 1999, was $203,000. This amount was generated through the net sale of certain U.S. government and agency securities and other marketable securities aggregating $463,000 which was partially offset by the acquisition of capital equipment for approximately $260,000. The Company may continue to acquire or sell marketable securities as dictated by its investment strategies as well as by the cash requirements for its development activities. The Company will continue to acquire more efficient equipment to automate its production process and intends to spend approximately $1 million on capital equipment during fiscal 2000. Internally generated cash will be adequate to acquire this capital equipment.

Net cash used in financing activities for the three months ended July 31, 1999, was $938,000 compared to $879,000 for the comparable fiscal 1999 quarter. Included in the fiscal 2000 amount is payment of the Company's semiannual dividend in the aggregate amount of $766,000. An additional $179,000 was used to make regularly scheduled long-term liability payments.

At July 31, 1999, the Company's backlog amounted to approximately $20 million compared to the approximately $21 million backlog at April 30, 1999. Of this backlog, approximately 60% is realizable during fiscal 2000. Although the current backlog is comparable to the backlog at July 31, 1998, the character of the backlog is changing. In previous years, the backlog of custom-built products could represent 12 to 18 months of production. As the Company evolves into a more product-oriented manufacturer and seller of generic wireless communication products, its cycle-time will be significantly reduced. Consequently, the backlog will be less predictive of future results.

Year 2000 Issue

During the first quarter of fiscal 2000, the Company completed installation of newly acquired, integrated financial and manufacturing software, the cost of which did not exceed $500,000. Final implementation and testing of the software will be concluded by the end of the second quarter of fiscal 2000. The purchase of the financial software will satisfactorily address the issue of compliance with the year 2000 problem for financial transactions and reporting purposes. The Company has sufficient resources to implement and test such software.

Beginning in the latter portion of fiscal 1998 and concluding during the second quarter of fiscal 1999, the Company acquired new desktop computers of sufficient size and speed to operate the new financial software. The cost of these computers, included in capital equipment, was approximately $220,000. The Company also determined that operational, nonfinancial software and hardware was required to resolve the year 2000 issue in certain production and support areas, the cost of which did not exceed $50,000.

The Company's products do not contain imbedded microchips or other components which are date sensitive. The same is generally true of the products which are acquired from third-party vendors. Consequently, the Company's products are already compliant with the year 2000. In addition, the Company has received assurances from its "critical" vendors that their systems are or will be Y2K compliant prior to the year 2000. Consequently, the Company does not anticipate any interruption in services or supplies from vendors.

In the event its financial and manufacturing software fails to perform appropriately after final testing and the Company is unable to prepare appropriately dated invoices, payments or other documentation, the Company will employ alternative strategies. This will consist principally of hiring additional clerical personnel to assure that the Company's records and documentation are properly and accurately maintained until such time that the software implementation can be completed. In the event one or more of its vendors suffers a "Y2K" failure, the Company will obtain its component parts from other sources. Since the majority of the important components used in the Company's products can be obtained from multiple sources, the Company does not anticipate a problem in purchasing needed parts as a result of Y2K issues. For those component parts, which can be obtained from only a limited number of sources, the Company will evaluate the need to increase its on-hand inventory prior to the end of calendar 1999.

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

The statements contained in this release which are forward-looking statements and not based on historical facts, are subject to risks and uncertainties that could cause actual results to differ materially from those set forth herein. Such risks include changes in contractual agreements or other risks as more fully described in the Company's Annual Report on Form 10K filed with the Securities and Exchange Commission.

PART II

ITEM 1 - Legal Proceedings

On June 19, 1998, Frequency Electronics, Inc. ("FEI" or "Registrant") and the U.S. Government entered into a Plea Agreement, Civil Settlement Agreement and related documents ("Settlement Agreement") thereby concluding a global disposition of certain previously reported pending litigations and matters. All criminal charges brought by the U.S. Government against certain officers, employees and former employees of FEI were dismissed, with prejudice. The criminal charges brought by the U.S. Government against FEI were dismissed, with prejudice, with the exception of a single charge of submitting a false statement which failed to disclose the full explanation of FEI's costs on a highly classified government project, as to which FEI pled guilty and paid the U.S. Government a fine of $400,000 and $1.1 million as reimbursement for costs of its investigation, with all known criminal investigations of FEI having been resolved. As part of the Settlement Agreement, the Fox Civil Case was dismissed, with prejudice, as to all defendants and FEI paid the the U.S. Government $1.5 million to settle this case; and the Geldart qui tam action was dismissed, with prejudice, as to all defendants and FEI paid the U.S. Government $5 million to settle this case.

The Settlement Agreement does not affect other previously reported pending litigations and matters including a second qui tam action and two separate derivative shareholder actions which seek recovery on behalf of the Company for any losses it incurs as a result of the U.S. Government indictments.

On July 9, 1998, FEI was notified by the U.S. Department of the Air Force of FEI's proposed debarment based upon FEI's guilty plea entered in connection with the global disposition and the Settlement Agreement. On December 12, 1998, the U.S. Department of the Air Force notified FEI that its debarment was terminated, without condition.

On October 21, 1998, FEI settled its claim with the Associated International Insurance Company ("Associated") under applicable directors and officers coverage and, on November 17, 1998, FEI received payment in the amount of $4.5 million.

For all items noted above, reference is made to Item 3 - Legal Proceedings of Registrant's Annual Report on Form 10K for the year ended April 30, 1999 on file with the Securities and Exchange Commission.

ITEM 6 - Exhibits and Reports on Form 8-K

(a) Exhibits - None

(b) No reports on Form 8-K were filed with the Securities and Exchange Commission during the quarter ended July 31, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FREQUENCY ELECTRONICS, INC.
(Registrant)

Date: September 14, 1999 BY /s/ Joseph P. Franklin

Joseph P. Franklin
Chairman of the Board of Directors

Date: September 14, 1999 BY /s/ Alan Miller

Alan Miller
Chief Financial Officer
and Controller

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