



Frequency Electronics Announces Termination of Fiber Optic Contract

>MITCHEL FIELD, N.Y., Aug 30, 2001 (BUSINESS WIRE) -- Frequency Electronics, Inc. (AMEX-FEI) late yesterday received notice of termination for the convenience of the customer of a \$4 million production contract for fiber optic network receive/transmit modules.

The Company does not expect to incur any overall loss in connection with this termination. However, the Company has reduced revenues and earnings from this contract which would otherwise have been recorded in the first quarter of fiscal 2002. Full results for the first quarter, which ended on July 31, 2001, are expected to be released within the next ten days.

The Company's president, Martin Bloch, noted that "the impact of this development on FEI's operating profits is not significant. However, it does illustrate the current economic challenges facing the fiber optic network industry. Frequency Electronics will continue to conduct research and development on this product line and we expect to identify other telecom providers which can benefit from FEI's expertise in the RF microwave arena."

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.

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