



Frequency Electronics, Inc. to Acquire Gillam, S.A. - A Leading Belgian Wireline Telecom Synchronization Products Company

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MITCHEL FIELD, N.Y.--(BUSINESS WIRE)--Aug. 30, 2000--Frequency Electronics, Inc. (AMEX:FEI) announced today that it has signed a definitive agreement to purchase Gillam, S.A., a privately-held Belgian company which develops and manufactures wireline telecom synchronization, network monitoring, and power supply products with principal offices and facilities located in Liege, Belgium. FEI will pay approximately \$8.5 million in cash and 200,000 shares of FEI stock for the stock of Gillam. The transaction is expected to close within 30 days.

Gillam's consolidated revenues for the 12 months ended March 31, 2000, were approximately \$16 million. The pro-forma combined revenues of both companies for the same period were approximately \$43 million. The purchase of Gillam is expected to be accretive to FEI's earnings. The transaction includes the purchase of Gillam's main Belgian facility and corporate headquarters, a manufacturing and service facility in Chalon-sur-Saone, France, as well as a minority holding in a similar operation in Pinhal Novo, Portugal.

"We are very pleased to join forces with Gillam, S.A., a highly-respected European manufacturer of products that are synergistic with our own," stated Frequency Chairman Joseph Franklin. "This will allow us to offer connectivity solutions between wireless and wireline networks, and will give FEI a strong entry into the European markets. Gillam's wireline synchronization, monitoring, and instrumentation systems will be added to FEI's world-leading wireless product lines. Gillam's current management, with more than 15 years of industry experience, will remain in place and will play an important role in significantly increasing our share of the rapidly growing global telecom markets."

Michel Gillard, Gillam's President, stated, "In Frequency Electronics, we have found an ideal partner for the expansion of our business. Frequency's world-wide leadership position and unique technologies, specifically precision quartz, rubidium, and cesium, will greatly augment Gillam's capabilities. I believe this transaction will prove to be a great step forward for Gillam-FEI, as our new company will be known, and is in the best interests of Gillam's customers, shareholders and employees."

TM Capital Corp., a New York based investment banking firm, served as financial advisor to Frequency Electronics, Inc. in connection with this transaction.

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 future earnings and operations and other statements relating to 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, ability 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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