

FREQUENCY ELECTRONICS INC
Form 11-K
June 28, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549-1004

FORM 11-K

**FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE,
SAVINGS AND SIMILAR
PLANS PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

**S ANNUAL REPORT PURSUANT TO SECTION 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

OR

**£ TRANSITION REPORT PURSUANT TO SECTION 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-8061

FREQUENCY ELECTRONICS, INC. 401(k) SAVINGS PLAN

(Full title of the plan)

Frequency Electronics, Inc.

55 Charles Lindbergh Blvd., Mitchel Field, NY 11553

(Name of issuer of the securities held pursuant to
the plan and the address of its principal
executive offices)

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

FREQUENCY ELECTRONICS, INC.

401(k) SAVINGS PLAN

YEAR ENDED DECEMBER 31, 2011

CONTENTS

| | Page |
|---|---------|
| a) FINANCIAL STATEMENTS: | |
| Report of Independent Registered Public Accounting Firm | 3 |
| Statements of Net Assets Available for Benefits | 4 |
| Statement of Changes in Net Assets Available for Benefits | 5 |
| Notes to Financial Statements | 6 - 12 |
| SUPPLEMENTAL SCHEDULES: | |
| Schedule H, Line 4i: Schedule of Assets (Held at End of Year) | 13 – 14 |
| Schedule H, Line 4j; Schedule of Reportable Transactions | 15 |
| b) EXHIBITS: | |
| Exhibit 23.1 Consent of Independent Registered Public Accounting Firm | 16 |

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Frequency Electronics, Inc.
401(k) Savings Plan
(Name of Plan)

Date: June 28, 2012 By:

/s/Robert Klomp
Robert Klomp, Trustee

/s/Markus Hechler
Markus Hechler, Trustee

/s/Marvin Meirs
Marvin Meirs, Trustee

/s/Alan Miller
Alan Miller, Trustee

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Plan Administrators, Trustees and Participants of

Frequency Electronics, Inc.

401(k) Savings Plan

We have audited the accompanying statements of net assets available for benefits of Frequency Electronics, Inc. 401(k) Savings Plan (the "Plan") as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the year ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets as of December 31, 2011 and reportable transactions for the year ended December 31, 2011 are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ EisnerAmper LLP
EisnerAmper LLP

New York, New York
June 28, 2012

- 3 -

FREQUENCY ELECTRONICS, INC.

401(k) SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31, | |
|--|---------------|---------------|
| | 2011 | 2010 |
| ASSETS: | | |
| Cash | \$ 833 | \$ 833 |
| Investments, at Fair Value | 16,814,046 | 15,537,336 |
| Notes Receivable from Participants | 549,063 | 518,825 |
| Contributions Receivable from Participant | 20,448 | 0 |
| Net Assets Available for Benefits at Fair Value | 17,384,390 | 16,056,994 |
| Adjustment from Fair Value to Contract Value for Fully Benefit-Responsive Investment Contracts | (104,464) | (85,717) |
| Net Assets Available for Benefits | \$ 17,279,926 | \$ 15,971,277 |

The accompanying notes are an integral part of these financial statements.

FREQUENCY ELECTRONICS, INC.

401(k) SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 2011

ADDITIONS (REDUCTIONS):

Additions to (Reductions from) net assets attributed to:

Contributions:

| | |
|---|-------------|
| Participant contributions | \$1,089,726 |
| Participant rollover contributions | 184,435 |
| Employer contributions | 345,811 |
| Total contributions | 1,619,972 |
| Investment income (loss): | |
| Net appreciation in fair value of investments | 178,278 |
| Decrease in contract value for fully benefit-responsive investment contract | (18,747) |
| Interest on notes receivable from participants | 29,458 |
| Dividends | 125,512 |
| Net investment income | 314,501 |
| Net additions | 1,934,473 |

DEDUCTIONS:

| | |
|-------------------------------|---------|
| Benefits paid to participants | 624,495 |
| Administrative expenses | 1,329 |
| Total deductions | 625,824 |

NET INCREASE 1,308,649

NET ASSETS AVAILABLE FOR BENEFITS, beginning of year 15,971,277

NET ASSETS AVAILABLE FOR BENEFITS, end of year \$17,279,926

The accompanying notes are an integral part of these financial statements.

FREQUENCY ELECTRONICS, INC.

401(k) SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

1. Plan Description

The following description of the Frequency Electronics, Inc. (the "Company" or the "Employer") 401(k) Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General - The Plan, adopted on January 1, 1985, is a defined contribution savings plan qualified under Section 401(a) of the Internal Revenue Code covering employees of the Company who have completed six months of service and are age twenty-one or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Plan administration – The custodian and record keeper of the Plan is Principal Retirement Group ("Principal"). Investment options available to participants in the Plan are offered by Principal. Principal also holds the Plan's investment in Frequency Electronics, Inc. common stock.

Contributions - Each year, participants may contribute a portion of their pretax annual compensation, as defined by the Plan, subject to certain limitations imposed by the Internal Revenue Code (the "Code"). Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions up to \$5,500 for 2011 and 2010. Participants may also rollover amounts representing distributions from other qualified benefit plans. The Company may make matching contributions, as defined by the Plan. Company contributions, if any, may consist of cash or qualifying employer securities. During the year ended December 31, 2011, Company contributions were made in the form of Company common stock. In 2011, the Company contributed 100 percent of the first 3 percent of base compensation that a participant contributed to the Plan, not to exceed a maximum of \$3,000.

In 2010, for employees located in the Company's New York subsidiary, the Company provided an additional contribution equal to 2% of the base compensation of each participant. This additional contribution was in lieu of salary increases over the prior two years and the elimination of a \$250 lump sum contribution.

Participant accounts - Each participant's account is credited with the participant's contribution and allocations of the Company's contribution and Plan earnings. Allocations of Plan earnings are made to each participant's account based upon participant account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting - Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts is based on years of continuous service. Participants vest 20 percent after two years of service and 20 percent each year thereafter. A participant is 100 percent vested after six years of credited service.

Notes receivable from participant - Notes receivable from participants are measured at their unpaid principal plus any accrued but unpaid interest. Notes receivable are permitted against a participant's contributory account balance. Participants may borrow a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of the participant's contributory account balance. The notes receivable are secured by the balance in the participant's account and bear interest at rates that range from 4 percent to 10.25 percent. Principal and interest are paid ratably through payroll deductions.

Payment of benefits - A participant may elect to receive the value of the vested interest in his or her account upon termination of service due to death, disability or retirement. An employee who became a participant on or after January 1, 1998, will generally receive their benefit as a lump-sum distribution. An employee who became a participant prior to January 1, 1998, will generally receive their benefit, unless otherwise elected, as a Qualified Joint and Survivor Annuity, if the participant is married, or as a life annuity, if unmarried. Participants who elect not to receive the annuity form of payment, may elect to receive a lump-sum distribution or a distribution in substantially equal monthly, quarterly, semi-annual or annual installments, (over a term that does not extend beyond the participant's or designated beneficiary's actuarial life expectancy).

Forfeited accounts - At December 31, 2011 and 2010, forfeited non-vested accounts, including earnings and losses thereon, totaled \$9,916 and \$43,394, respectively. These accounts may be used to pay administrative costs of the Plan. Any such accounts not used to pay administrative costs will be reallocated to participants in the same manner as employer contributions. During 2011, the plan reallocated to participants an aggregate of \$66,204 from prior year forfeitures.

Plan expenses - Expenses associated with administering the Plan are generally paid by the Company. Certain participant-specific expenses may be paid by the Plan or assessed against such Participant as provided in the service and expense agreement.

2. Summary of Significant Accounting Policies

Basis of presentation - The accompanying financial statements have been prepared on the accrual basis of accounting.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan administrator to make estimates and assumptions that affect the reported amounts of net assets available for benefits at the date of the financial statements and the changes in net assets available for benefits during the reporting period and, when applicable, disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Investment valuation and income recognition - The Plan's investments are stated at fair value based upon quoted market prices, except for the Union Bond & Trust Company Principal Stable Value Fund ("Stable Value Fund") which includes fully benefit-responsive investment contracts valued at contract value. (see Note 4)

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recognized in the period earned. Dividends are recorded on the ex-dividend date. Gains and losses on the sales of investments are recognized

when realized, while unrealized gains and losses are recognized daily based on fluctuations in market value. Realized and unrealized gains and losses are netted in the financial statements.

Frequency Electronics, Inc. Common Stock Fund - The Frequency Electronics, Inc. Common Stock Fund is a nonparticipant directed fund. All employer matching contributions that were made prior to January 1, 1990 and subsequent to January 1, 2001 are in the form of Frequency Electronics, Inc. common stock. This stock is valued at the last sale price on the NASDAQ on the last business day of the year. Frequency Electronics, Inc. common stock approximated \$3,271,000 (19%) and \$2,825,000 (18%) of net assets available for benefits at December 31, 2011 and 2010, respectively.

- 7 -

Information about the significant components of the change in net assets related to the shares of common stock of the Company (nonparticipant-directed investment) during the year ended December 31, 2011 is as follows:

| | |
|---|-------------|
| Balance, January 1, 2011 | \$2,824,707 |
| Employer Contributions Received During 2011 | 345,811 |
| Net Appreciation in Fair Value of Investments | 430,614 |
| Distributions, net | (329,851) |
| Balance, December 31, 2011 | \$3,271,281 |

Payment of benefits - Benefits are recorded when paid.

Recent Accounting Pronouncements In January 2010, the Financial Accounting Standards Board (“FASB”) issued amended guidance for fair value measurements and disclosures and improving disclosures about fair value measurements. The guidance requires entities to enhance disclosures about fair value measurements in fiscal years 2010 and 2011. The enhanced disclosures related to 2010 are reflected in these financial statements. In 2011, the Plan is required to disclose information about purchases, sales, issuances and settlements for items in Level 3 of the fair value measurement on gross basis rather than net. The Plan was compliant with these requirements in 2011.

In May 2011, the FASB issued Accounting Standards Update No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, (ASU 2011-04). ASU 2011-04 amended ASC 820 to converge the fair value measurement guidance in U.S. generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures (although certain of these new disclosures will not be required for nonpublic entities). The amendments are to be applied prospectively and are effective for plan years beginning after December 15, 2011. Plan management is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Plan’s financial statements.

3.

Investments

The following presents investments at fair value that represent 5 percent or more of the Plan's net assets at December 31, 2011:

| | |
|---|-------------|
| Union Bond & Trust Company Principal Stable Value Fund; 255,990 shares | \$4,597,257 |
| Principal Global Investors Large Cap S&P 500 Index R3 Fund; 221,261 shares | \$1,951,520 |
| Capital Research and Management Growth Fund of America R3 Fund; 32,250 shares | \$913,637 |
| Principal Global Investors Lifetime 2030 R3 Fund, 88,406 shares | \$976,002 |
| Frequency Electronics, Inc. Common Stock; 425,394 shares | \$3,271,281 |

The following presents investments at fair value that represent 5 percent or more of the Plan's net assets at December 31, 2010:

| | |
|---|-------------|
| Union Bond & Trust Company Principal Stable Value Fund; 242,798 shares | \$4,282,575 |
| Principal Global Investors Large Cap S&P 500 Index R3 Fund; 209,726 shares | \$1,851,879 |
| Capital Research and Management Growth Fund of America R3 Fund; 29,691 shares | \$890,150 |
| Principal Global Investors Bond & Mortgage Securities R3 Fund, 88,830 shares | \$915,841 |
| Principal Global Investors Lifetime 2030 R3 Fund, 78,427 shares | \$905,829 |
| Frequency Electronics, Inc. Common Stock; 420,970 shares | \$2,824,707 |

- 8 -

During 2011, the Plan's investments (including investments purchased and sold, as well as held during the year) appreciated (depreciated) in fair value as determined by quoted market prices as follows:

| | Net Appreciation (Depreciation) in Fair Value of Investments |
|--|--|
| Frequency Electronics, Inc. Common Stock | \$ 430,614 |
| Mutual Funds | (252,336) |
| Total | \$ 178,278 |

4. Fair Value Measurements

The Plan uses accounting guidance under ASC 820 to establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.

Frequency Electronics, Inc. Common Stock: Valued at the closing price reported on the NASDAQ Global Market on which the securities are traded.

Mutual funds: Valued at quoted market prices as reported on the active market on which the individual funds are traded, which represents net asset value.

Stable Value Fund: Fair value is determined by measuring the market value of its underlying investments. The fund contains synthetic investment contracts comprised of both underlying investment and contractual components which have observable level 1 and level 2 pricing inputs, including quoted prices for similar assets in active or non-active markets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value at December 31, 2011:

| Investments | Quoted Prices In Active Markets for Identical Assets Level 1 | Significant Other Observable Inputs Level 2 | Significant Unobservable Inputs Level 3 | Total |
|----------------------------|---|---|--|--------------|
| Mutual Funds: | | | | |
| Fixed Income | \$ 1,490,058 | \$- | \$ - | \$1,490,058 |
| Balanced | 1,828,519 | - | - | 1,828,519 |
| Large U.S. Equity | 3,346,374 | - | - | 3,346,374 |
| Small/Mid U.S. Equity | 1,358,301 | - | - | 1,358,301 |
| International Equity | 922,256 | - | - | 922,256 |
| Frequency Electronics Inc. | | | | |
| Common Stock | 3,271,281 | - | - | 3,271,281 |
| Stable Value Fund | - | 4,597,257 | - | 4,597,257 |
| Investments at Fair Value | \$ 12,216,789 | \$4,597,257 | \$ - | \$16,814,046 |

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value at December 31, 2010:

| Investments | Quoted Prices In Active Markets for Identical Assets Level 1 | Significant Other Observable Inputs Level 2 | Significant Unobservable Inputs Level 3 | Total |
|----------------------------|---|---|--|--------------|
| Mutual Funds: | | | | |
| Fixed Income | \$ 1,526,174 | \$- | \$ - | \$1,526,174 |
| Balanced | 1,618,015 | - | - | 1,618,015 |
| Large U.S. Equity | 3,110,133 | - | - | 3,110,133 |
| Small/Mid U.S. Equity | 1,190,156 | - | - | 1,190,156 |
| International Equity | 985,576 | - | - | 985,576 |
| Frequency Electronics Inc. | | | | |
| Common Stock | 2,824,707 | - | - | 2,824,707 |
| Stable Value Fund | - | 4,282,575 | - | 4,282,575 |
| Investments at Fair Value | \$ 11,254,761 | \$4,282,575 | \$ - | \$15,537,336 |

5. Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated January 9, 2009, that the Plan and related trust are designed in accordance with applicable sections of the Code. The Plan has been amended since receiving the tax determination letter. However, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by a government authority. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

- 10 -

6. Mutual Fund Fees

Investments in mutual funds are subject to sales charges in the form of front-end loads, back-end loads or 12b-1 fees. 12b-1 fees, which are ongoing fees allowable under Section 12b-1 of the Investment Company Act of 1940, are annual fees deducted to pay for marketing and distribution costs of the funds. These fees are deducted prior to the allocation of the Plan's investment earnings activity, and thus not separately identifiable as an expense.

7. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of the ERISA. In the event of Plan termination, participants will become 100 percent vested in their employer contributions.

8. Parties in Interest/Related Party Transactions

The Plan's investments include shares of common stock issued by the Plan Sponsor, Frequency Electronics, Inc. Investment in Frequency Electronics, Inc. common stock is permitted under the provisions of the Plan.

Principal Financial Group - Certain plan investments are shares of mutual funds managed by Principal Financial Group. Principal is the custodian and record keeper as defined by the Plan, and, therefore, these transactions qualify as party-in-interest transactions. Purchases and sales of these accounts and the underlying investments comprising these accounts are open market transactions at fair market value. Such transactions are permitted under the provisions of the Plan and are exempt from the prohibition of party-in-interest transactions under ERISA and applicable exemptions promulgated thereunder. Fees paid by the Plan were \$1,329 for the year ended December 31, 2011.

9. Risks and Uncertainties

The Plan provides for various investment options in any combination of stock, mutual funds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investments securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

The value, liquidity and related income of the securities in which the Plan invests are sensitive to changes in economic conditions, including delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issues and changes in interest rates.

10. Noncompliance with Plan Terms

For the year ended December 31, 2010, the Plan was not in compliance with certain participant contribution requirements per the Plan document, which resulted in incorrect withholding of contributions. The Plan Sponsor corrected the errors during the year ended December 31, 2011.

11. Reconciliation to Form 5500

The differences between the information reported in the financial statements and the information reported in the Form 5500 arise primarily from the adjustment of investment contracts from fair value to contract value in accordance with the FSP.

The following is a reconciliation of the changes in net assets available for benefits during the year ended December 31, 2011:

| | |
|---|-------------|
| Changes in Net Assets Available for Benefits per Form 5500 | \$1,327,396 |
| Increase in Contract Value Adjustment | (18,747) |
| Changes in Net Assets Available for Benefits per financial statements | \$1,308,649 |

The following is a reconciliation of net assets available for benefits at December 31, 2011 and 2010:

| | 2011 | 2010 |
|--|--------------|--------------|
| Net Assets per Form 5500 | \$17,384,390 | \$16,056,994 |
| Contract Value Adjustment, current year | (104,464) | (85,717) |
| Net Assets Available for Benefits per financial statements | \$17,279,926 | \$15,971,277 |

12. Subsequent Event

Effective June 1, 2012, the Plan was amended to provide for a merger of the Elcom 401(k) Plan into the Plan pursuant to a merger agreement entered into by the Plan sponsor with Elcom. In connection with the merger, total assets of \$2,577,329 were transferred into the Plan.

- 12 -

FREQUENCY ELECTRONICS, INC.**401(k) SAVINGS PLAN****SCHEDULE H, LINE 4i – PN 003; EIN 11-1986657; FORM 5500****SCHEDULE OF ASSETS (HELD AT END OF YEAR)****DECEMBER 31, 2011**

| (b) Identity of issuer, borrower, lessor, or (a) similar party | (c) Description of investment | (d) Cost | (e) Current Value |
|--|---|----------|-------------------------|
| * Union Bond & Trust Company Principal Stable Value Fund | Stable Value Fund | | \$4,597,257 |
| * Principal Global Investors Smallcap Value R3 Fund | Interest in registered investment company. | | 429,441 |
| * Principal Global Investors Diversified International R3 Fund | Interest in registered investment company. | | 490,897 |
| * Principal Global Investors International Emerging Markets R3 Fund | Interest in registered investment company. | | 431,359 |
| * Principal Global Investors LargeCap S&P 500 Index R3 Fund | Interest in registered investment company. | | 1,951,520 |
| Allianz NFJ Dividend Value Fund | Interest in registered investment company. | | 216,640 |
| Columbia Management Advisors MidCap Value A Fund | Interest in registered investment company. | | 305,121 |
| Edge Asset Management Government & HQ Bond R3 Fund | Interest in registered investment company. | | 672,159 |
| * Principal Global Investors Bond & Mortgage Securities R3 Fund | Interest in registered investment company. | | 817,898 |

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| | | |
|--|--|---------|
| Turner Investment Partners MidCap Growth III R3 Fund | Interest in registered investment company. | 308,790 |
| * Principal Global Investors LifeTime 2010 R3 Fund | Interest in registered investment company. | 135,690 |
| * Principal Global Investors LifeTime 2020 R3 Fund | Interest in registered investment company. | 440,246 |
| * Principal Global Investors LifeTime 2030 R3 Fund | Interest in registered investment company. | 976,002 |
| * Principal Global Investors LifeTime 2040 R3 Fund | Interest in registered investment company. | 29,645 |
| * Principal Global Investors LifeTime 2050 R3 Fund | Interest in registered investment company. | 149,949 |

- 13 -

FREQUENCY ELECTRONICS, INC.**401(k) SAVINGS PLAN****SCHEDULE H, LINE 4i – PN 003; EIN 11-1986657; FORM 5500****SCHEDULE OF ASSETS (HELD AT END OF YEAR)****DECEMBER 31, 2011**

(continued)

| (b) Identity of issuer, borrower, lessor, or (a) similar party | (c) Description of investment | (d) Cost | (e) Current Value |
|--|---|-------------|-------------------------|
| Capital Research and Mgmt Growth Fund of America R3 Fund | Interest in registered investment companies. | | 913,637 |
| * Principal Global Investor Life Time Strategic Income R3 Fund | Interest in registered investment companies | | 96,986 |
| Columbus Circle Investors Large Cap Growth AdvPr Fund | Interest in registered investment companies | | 39,342 |
| T. Rowe Price LargeCap Blend II R3 Fund | Interest in registered investment companies | | 45,574 |
| Neuberger Berman Mgmt Inc. Partners Advisory Fund | Interest in registered investment companies | | 179,663 |
| Alliance Bernstein LP Smallcap Growth I R3 Fund | | | 167,291 |

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| | | | |
|---|--|-------------|--------------|
| | Interest in registered investment companies | | |
| * Principal Global Investors MidCap S&P 400 Index R3 Fund | Interest in registered investment companies | | 43,286 |
| * Principal Global Investors SmallCap S&P 600 Index R3 Fund | Interest in registered investment companies | | 104,372 |
| * Frequency Electronics, Inc. Common Stock | Common stock of Frequency Electronics, Inc Par value \$1.00. | \$3,301,963 | 3,271,281 |
| | | | \$16,814,046 |
| * Notes receivable from participants | Notes receivable from plan participants. Various maturity dates through May 2029 with interest at prevailing commercial rates (4.0% -10.25%) and secured by the participants vested account balance. | | \$549,063 |

* Denotes party in interest.

Cost information for investments (except Frequency Electronics, Inc. Common Stock) and notes receivable from participants is not provided since such transactions are participant-directed transactions.

FREQUENCY ELECTRONICS, INC.

401(k) SAVINGS PLAN

SCHEDULE H, LINE 4j – PN 003: EIN 11-1986657; FORM 5500

SCHEDULE OF REPORTABLE TRANSACTIONS

DECEMBER 31, 2011

| DESCRIPTION OF ASSET | Total Number of Purchases | Total Number of Sales | Total Value of Purchases | Total Value of Sales | Net Gain |
|-----------------------------|---------------------------|-----------------------|--------------------------|----------------------|----------|
| Stable Value Fund* | 153 | | \$ 1,814,136 | | \$ 0 |
| Stable Value Fund* | | 121 | | \$ 1,583,081 | 70,176 |
| Frequency Electronics, Inc. | 66 | | 447,461 | | 0 |
| Frequency Electronics, Inc. | | 82 | | 431,501 | 90,504 |

*During the year ended December 31, 2011, the Stable Value Fund was a participant directed account and, therefore, the activity presented is for informational purposes only.